1954-54

B CLASS

File No LBP 1152

P.W. DEPARTMENT

K BRANCH

Subject:—

Bijapur Elc. Supply Co. Ltd.
Accounts for 31-3-50 & 31-3-51

BK 1954

File No.

Std. Book. Mfg 26-B

LBP 1152 K

2164—70,000—11-52—R2
G.R., G.D., No. 2408, dated 22-6-22.]

Std. Sectt. 78A e.

Correspondence

DOCKET SHEET (B)

Subject :—

File No. LBP. 1152

P&O DEPT.

K BRANCH.

References :—

Date.	To whom sent.	Notes and instructions.

Stateme

Items	1948-49 Units sold	1948-49 Amount Rs.	1948-49 Price per unit realised	1949-50 Units sold	1949-50 Amount Rs.	1949-50 Price per unit realised	1950-51 Units sold	1950-51 Amount Rs,	1950-51 Price per unit realised
Lighting	1,31,971	65,134	7.89	1,58,044	78,529	7.95	1,84,476	91,775	7.96
Power	5,089	1,336	4.21	11,085	2,376	3.43	13,270	2,696	3.25
Public Lamps	37,117	12,208	5.26	40,640	16,044	6.32	51,495	18,160	5.64
Special contracts	60,671	18,028	4.75	54,160	19,269	5.69	45,542	19,383	6.81
Total	2,34,840	96,706	6.59	2,63,929	116,218	7.04	2,94,783	[illegible]	7.16
Meter rent		2,885			2x,9[illegible]			2,986	
Service Lines		1,380			1,5[illegible]			2,009	
Miscellaneous receipts		1,935			1,877			1,243	
		102,906			122,576			138,252	

STA .MENT 'B'

Items	1948.49 Amount	1948.49 Cost per unit	1949-50 Amount	1949-50 Cost per unit	1950-51 Amount	1950-51 Cost per unit
reel	37,463	2.13	34,127)	1.85	46,246)	2.29.
Oil,water waste etc.	142	0.01	74)		65)	
Wages and Salaries(excluding management)	15,720	0.89	22,434	1.22	29,612	1.46
Repairs and maintenance	26,580	1.51	16,894	0.92	14,479	0.71
Rent,rates and taxes	480	0.03	610	0.03	657	0.03
Management and other expenses	10,294	0.58	3,887	0.73	13,840	0.68
Managing directors remuneration	[illegible]	0.12	3,767	0-21	[illegible]	0.23
	92,865	5.27	91,793	4.96	109,529	5.40
Units generated	2,81,640		2,94,102		3,24,[illegible]	

Report on the examination and audit of the annual statements of accounts prescribed under the Indian Electricity Rules 19 of the BIJAPUR Electric Supply Company Ltd for the years 1949-50 and 1950-51.

The examination and audit of the annual statements of the Bijapur Electric Supply Company Limited for the years 1949-50 and 1950-51 was carried out at the registered office of the Company at Bijapur. The statements of accounts I to IX and the financial and technical data are appended.

2. Previous Audit.

Replies to paras 2,3(b) and 6(c) of the audit report for 1947-48 and 1948-49 are awaited and may please be expedited.

3. Current Audit.

(a) 6 % cumulative preference shares of Rs.100/-each were issued and were fully paid up during the year 1949-50. The total paid up share capital of the Co. stood at Rs.1,38,000/- on 31-3-1950 and 31-3-1951.

(b) Statement II:-Loan Capital:-

The loan capital stood at Rs.34,891 -8-0 and Rs.35,691-14-0 on 31-3-1950 and 31-3-1951 respectively. The loan from the Municipality bears interest at 4½ %(4 % for 1949-50) and from the Directors and others at 6%.

4. Capital Account:-Statement III:-

(a) Capital expenditure of Rs.13,940 and Rs.13,423 was incurred during the years 1949-50 and 1950-51 respectively.

(b) The expenditure of Rs.1,077 in respect of cylinder heads in 1949-50 and Rs.2,004-14-0 for cylinder heads and piston in 1950-51 have been incurred. These amounts represent heavy expenditure on plant. It appears that this amount should be charged to Revenue Account and not to capital account and the Co. may please be asked to carry out the necessary adjustment in the next year's accounts or justify the debit to the capital account.

(c) The capital expenditure incurred was mainly due to the eletrification of Jorapur and Khulanpur areas of the Bijapur City.

(d) The percentages of turnover on the capital expenditure work out to 44.34 and 47.72 in 1949-50 and 1950-51 respectively as against 39.20 in 1948-49.

5. Statement IV:- Revenue Account:-

(a) The number of units sold to and price per unit realised from various classes of consumers togehther with the miscellaneous receipts for the three years 1947-48 to 1950-51 are compared in statement 'A' appended to this report.

(b) Statement IV:-Working Expenses:-

The working expense (excluding depreciation, income tax, interest, donation etc. and the cost per unit generated during the years 1948-49 to 1950-51 are compared in the statement 'B' appended to this report.

A donation of Rs.1,000/-paid to Mahatma Gandhi Memorial Fund in 1949-50 is excluded in the computations.

The rise in cost per unit under fuel in 1950-51 is comparatively high but appears to be due to increase in price of fuel.

6. Statement V:-Net Revenue Account:-

(a) No dividend was declared during 1949-50 and 1950-51. Net profit as at the end of the years under audit was Rs.9,659 and Rs.1,759/-.

(b) The Co. has provided sums of Rs.681-12-0(1949-50) and Rs. 713-12-0(1950-51) for the contingency Reserve. These sums have not yet been invested in securities authorised under the Indian Trust Act 1882 as required under para IV(2) of the sixth schedule to the Electricity (Supply) Act '48. The Co. may be asked to invest the same immediately.

7. Statement VI:-

The balance in the Reserve Fund account continued to Rs.9,099-10-6 during the years under review.

8. Statement VII:-Depreciation Fund Account:-

(a) Amounts of Rs.7,298-14-3 and Rs.7,702-15-9 have been credited to the Depreciation Reserve Fund during the years 1949-50 and 1950-51 respectively. The balance in the Fund stood at Rs.92,651-6-9 and Rs.100,354-6-6(for both the years respectively) which includes an

an amount of Rs.10,014-7-3 being an excess amount of depreciati which has been provided in the previous years. Under para VI(1 of the Sixth Schedule, the sums provided so far in the account have to be taken into account in arriving at the sums to be provided according to the provisions of the Electricity(Supp Act 1948.The Co.may,therefore,be asked to follow this proced and to distribute the depreciation still remaining to be pro over the balance of prescribed period in respect of each ass

(b)The sums represent 33.61 % and 34.79 % of the total depreciable assets at the end of 21st and 22nd years of the Co.'s working.

9. Statement IX:-Units generated etc:-

The percentages of units lost in transmission and those u on works comes respectively to 6.14 and 4.12 for the year 1949 and 5.32 and 3.76 for the year 1950-51.

10- Working Results:-

The provisions of the Electricity (Supply)Act 1948 became applicable to this Co.from 1-4-1949.

11. Managing Agent's ordinary remuneration and office allowan

(a)1949-50:-As per special resolution of the general body meeting held on 29-12-'49,the office allowance of the Mg.agents was fixed at 6% only on the operating expenditure.An amount of Rs.2,182 was paid to them on this account for the year 1949-5 The amount of office allowance at 6% on operating expenditure as calculated by this office comes to Rs.934-3-0.The difference of Rs,1,247 -13-0 is due to the fact that the Co.included the follow items of expenditure under the head operating expenditure.

Contribution to Gandhi Memorial Fund	1000	Omitted from operati
Interest on loans	Rs.7,520-12-6	expenditure as it is n ancilliary or incidenta to the business of the electricity supply.
Management expenses	Rs.3,873- 4-3	Taken under item(ix) of
Pay of Establishment (Clerical)	Rs.8,403- 7-9	para XVII(2)(b) i.e. Management Expenses and hence excluded.
	Rs.20,797- 8-6	

Caluated at 6 % = Rs.1,247-13-0

They were not to draw any office allowance in respect of capital expenditure under the above resolution.

(b)For the year 1950-51 an amount of Rs.2427-4-0 in respect of the office allowance at 6 per cent (under the above resolutio on operating expenditure has been paid to them.The amount calculated by this office comes to Rs.1,172-2-0,the difference being Rs.1,257-2-0.In the calculations of this office the followin items of expenditure shown in revenue account and net revenue account have been excluded.

Particulars.	Amount	Remarks.
Interest on loans	Rs.7,478-13-3	Omitted from operating expenditure as it cannot be considered tobe ancilliary or incidental to the business of electricity supply.
Pay etc.of clerical Estt.	Rs.8,749- 7-0	Taken under item XVII(2) (b)(ix)-Management & hence
Management Expenses	Rs.4,630-11-0	excluded.

(c)An amount of Rs.383-10-0 in respect of office allowance on capital expenditure at 3 % as per special resulution of the ordinary general body meeting of shareholders held on 31-12-1950 is correctly drawn.

(d) The amount over drawn in respect of the office allowanc for the years 1949-50 and 1950-51 comes to Rs.1,247-13-0 and Rs.1,257-2-0 respectively.

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(e) In respect of ordinary remuneration, the amount drawn for the years 1949-50 and 1950-51 is Rs.1,585-9-3 and Rs.1,817-0-0 respectively. The Mg.Agents are entitled to Rs.1,724-7-0 for 1949-50. An amount of Rs.138-13-9 has been claimed less as shown below:-

Expenditure taken more (1949-50) by the Company.	
Gandhi Memorial Fund Contribution to--	Rs 1,000- 0-0
Loss of 1948-49 appropriated in '49-50	Rs.2,874-13-7
	Rs.3,874-13-7
Expenditure taken less by the Co.	
Office allowance as calculated by this office but excluded by the company	Rs. 934- 3-0
	Rs.2,940-10-7
Less service connection receipts taken as capital receipts by this office @ 10 % = Rs.138-13-9 (approximately)	Rs.1,551-14-0
	Rs.1,388-12-7 Balance

(f) For the year 1950-51, the managing agents are entitled to draw Rs.1,461/- in respect of the ordinary remuneration as per calculations of this office as against Rs.1,817, drawn by the Mg.agents. The above difference of Rs.356 is shown below:-

Office allowance excluded by the Co.	Rs.1,555-12-0
service connection receipts taken as capital receipts by this office.	Rs.2,008-12-9
	Rs.3,564- 8-9
	@ 10 % Rs.356

The total amount drawn in excess for the years 1949-50 and 1950-51 is shown below:-

	1949-50	1950-51
	Rs.	Rs.
Office allowance	1,247-13-0	1,257-12-0
Ordinary remuneration	(-) 138-13-9	356- 0-0
	1,108-15-3	1,613- 2-0

Total amount drawn in excess Rs.2,721-1-3.

This sum of Rs.2,721-1-3 is recoverable from the Mg.agents.

(g) The head office of the Co.is also the head office of the Mg.Agents. The Co.may be instructed not to allow the Mg.agents to debit to the accounts of the Co.salaries and wages of persons employed in the office of the Mg.Agents as these have to be borne by the Mg.agents vide para XIII(3) of the Sixth Schedule.

12. Capital Base:-

(a) The figure of capital base as calculated by this office is Rs.2,30,117-2-9 and Rs.2,36,102-8-6 as against Rs.2,40,116-15-9 as worked out by the Co.for the years 1949-50 and 1950-51 respectively. Rs.2,40,131/10/0 and

(b) The difference of Rs.10,014- 7-3 in both the years was due to the Co.'s not having taken into account depreciation to the extent of Rs.10,014-7-3 in calculation of the capital base vide para 8(a). The procedure followed by the Co.is irregular and contrary to the provisions of para XVII(1). The Co.may be instructed to follow the correct procedure.

(c) The Co.has excluded from the capital base the items "Furniture and Dead stock" & "Loose Tools". The Co.may be asked to explain the reasons for omitting the same from the "capital base".

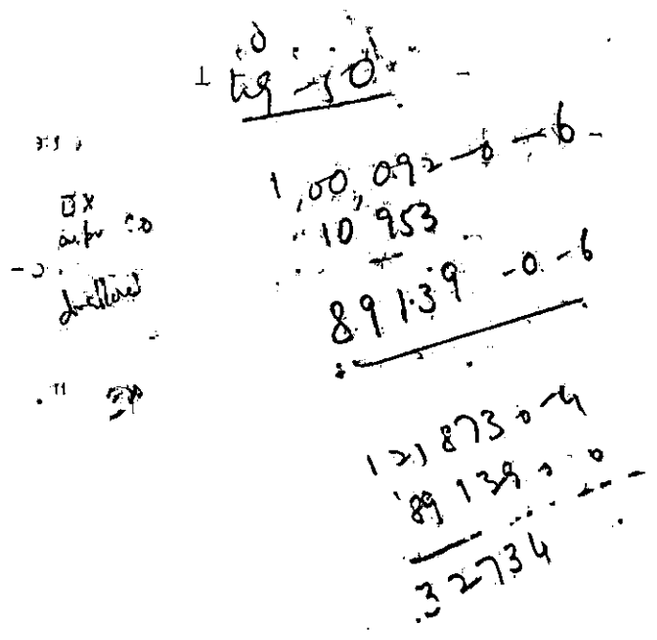
13. Clear Profit:-

(a) The clear profit as calculated by this office in accordance with the provisions of para XVII(2) of the sixth schedule and as calculated by the Co.is given below:.

	1949-50	1950-51
Clear Profit as calculated by this Office	Rs.20,612	Rs.15,018
Clear Profit as caculated by the Co.	Rs. 9,659	Rs. 7,935
	Rs.10,953	Rs. 7,083

The difference is explained below:-

see page----4



Items excluded by this office	1949-50 Rs.	1950-51 Rs.
(i)Interest on loans excluded by this office as it is not ancillary to or incidental to the business of the electric supply	7,521	7,479
(ii)Donations excluded by this office for reasons stated at item 1 above	1,000	-
(iii)Difference in remuneration of Mg.. agents	1,109	1,613
(iv)Special appropriation to cover previous losses excluded by this office as the previous losses are due to the payment of interest on loans and advances	2,875	-
	12,505	9,092
Less Service connection receipts excluded by this office as these are capital receipts	1,552	2,009
	10,953	7,083

(b)The Co.has shown sums of Rs.1,551-14-0(1949-50) and Rs.2908-12-9(1950-51)in statement IV-Revenue Account against the item service received.This represents contributions from consumers towards the cost of ~~services~~ construction of service lines.The Co. may ,therefore,be asked to treat these amounts as "Capital Receipts" as required under para XII of the sixth schedule and to carry out the necessary adjustments immediately in the next year's accounts.

14. Reasonable Return:-

The amount of Reasonable Return calculated by this office comes to Rs,11,506 and Rs.11,805 for the years ~~years~~ 1949-50 and 1950-51 respectively.

The excess of clear profit over reasonable return for the years 1949-50 and 1950-51 is shown below:-

	1949-50	1950-51
Clear Profit	Rs.20,612	Rs15,018
Reasonable Return 5 % on capital base	Rs.11,506	Rs11,805
	Rs. 9,106	Rs 3,213

The Co.may be asked to appropriate this excess as shown below:-

	1949-50 Rs.	1950-51 Rs.
(1)1/3rd of the excess not exceeding 7½ % of the reasonable return	863- 0-0	895- 0-0
(2)Tariffs and Dividend Control Reserve	4,121- 8-0	1,159--0-0
(3)Provision for the distribution of proportionate rebate to consumers	4,121- 8-0	1,159- 0-0
	9,106- 0-0	3,213- 0-0

Srinivasa Rao
20/2

ASSTT:EXAMINER,OUTSIDE AUDITS.

The Bijapur Electric Supply Co. Ltd., Bijapur.

FORM OF ADDITIONAL STATEMENT OF ACCOUNTS OF ELECTRICAL UNDERTAKING

STATEMENT FORM.

1	Company, etc.	The Bijapur Electric Supply Co., Ltd.
2	Account for ending.	31 - March 1950.
3	Year of working	21st year.
4	Motive power.	Diesel Engine.

5	Total capital expenditure at end of year (*not* capital of company).	Rs. 276417- 0- 1
6	Revenue from electric supply.	Rs. 116217-13- 7
7	Revenue from meter rents and other sources (including interest on investments if any).	Rs. 5655- 2- 9
8	Total working costs excluding depreciation (col 11) but including income tax from net revenue account.	Rs. 94540- 8- 3
9	Gross profit before providing for interest, depreciation or reserve (cols. 6 *plus* 7-8).	Rs. 27332- 8- 1
10	Interest (on debentures and loans) and special charges.	Rs. 7520-12- 6
11	Depreciation and reserve (for the year). Writing off preliminary expenses included	Rs. 7980-10- 9
12	Ditto per cent on col 5.	Rs. 2.124
13	Financial result (col 9-10 *plus* 11).	Rs. 11831- 0-10
14	Ditto per cent on col 5.	4. 28
15	Units generated.	294102.
16	Units sold.	263929

COSTS IN ANNAS PER UNIT GENERATED.

17	Fuel.	Rs. 34126-15- 6	1.857
18	Oil, waste, water, engine room stores, etc.	Rs. 74- 5- 3	0.001
19	Wages and salaries excluding management (generation, distribution and public lamps together)	Rs. 22433- 7- 3	1.221

20	Repairs and maintenance (generation, distribution and public lamp renewals when charge on contract rate for current includes renewals).	Rs. 16784-15- 3	.913
21	Rent, rates and taxes.	Rs. 609-13- 3	.034
22	(*a*) Management, Director's fees, office allowance, salaries (other than in col. 19), office and legal expenses.	Rs.17654- 5- 3	.961
22	(*b*) Incidental and overhead charges (other than capital charges), e. g. depreciation, insurance, income tax, interest, etc., which cannot properly be included under any of the heads 17 to 21 and 22 (*a*). *Note* :— All working costs should go under one of these heads, but not capital charges.)	Rs. 18358- 1- 9	.999
23	Total working costs (cols. 17 to 22 added).	Rs. 110041-15-6	5.986

TECHNICAL DATA.

24	Kilowatts connected to public lamps.	19.690
25	Total consumers connected (number).	679
26	Total connections, kilowatts.	384.43

Note :— Where there is also a tramway load the ratio of the Kilowatts connected exclusive of the trams) to (units sold exclusive of trams) should first be found. Then the corresponding value of the kilowatts connected to the trams should be taken in the same ratio to the units used on the trams. The total kilowatts connected will then be the sum of the two.

27	Maximum load on ~~feeders~~ station, kilowatts. (The figures given in the accounts appear mostly to be maximum station load. Both figures may be given.)	176
28	Load factor $\frac{\text{units generated sold} \times 100}{\text{maximum load on ~~feeders~~ station} \times 24 \times 365}$	$\frac{294102 \times 100}{176 \times 24 \times 365}$
29	Plant capacity installed, kilowatts.	298

30	Average price in annas obtained per unit (col. 6 ÷ 16).	7.04
31	Percentage of dividend paid per year.	4 % on Ordinary shares. 6 % on Preference shares.
32	The type and size of the generating plant with dates of installation thereof	A separate list is attached.
33	The nature of the supply—	D.C.460 Volts. 3 wire system.
	(*a*) Generation, voltage, frequency, etc.	440 volts accross outers and
	(*b*) Distribution, voltage, frequency, etc.	220 between Outer and Neutral.

B.L.Kulkarni.

Accountant.

G.A.Kayum.

Managing Director.

Certified that all expenditure direct and indirect which could not be reasonably taken into account under any other heads (items 17 to 22 (a) has been taken into consideration while calculating the total costs' (item 23).

The Bijapur Electric Supply Co. Ltd.,
Bijapur 15th April 19 51.

Auditor.

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The Bijapur Electric Supply Co. Ltd.

I. Statement of share capital appropriated for the purposed of the Undertaking authorised by the above mentioned Licensee at the end of the year _____ 19 .

Description of loan	Authorised by	Number of shares issued	Nominal amount of share	Called up per share	Total paid up	Issued not paid up	Remaining unissued	Total amount authorised
Ordinary Shares.		3500	100/	50 on application.	103000	2670		350000
5% Loss Tax Preference shares.		1000	100/	50 on allotment		1000		100000
6% cumulative Preference Shares.		500	100/		35000	150		50000

Bijapur Date 15--4--1961

B.L. Kulkarni.
Accountant.

G.A.Fayum.
Managing Director.

The Bijapur Electric Supply Co. Ltd.

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III. Statement of Loan Capital appropriated for the purpose of the Undertaking authorised by the above mentioned Licensee at the end of the year 31 -- 3 -- 1950.

Description of loan	Amounts borrowed at per cent 4	at per cent 6	at per cent	Total	Remaining borrowing Powers	Total amount of borrowing Powers
The Bijapur Municipality.	8050			8050/-		
Tayabali Abdul Kayum.		7500/-		7500/-		
Sakirbhai E. Lachi.		7000/-		7000/-		
Akaber A. Kayum.		6000/-		6000/-		
Mrs. Fhatijabai Abdul Kayum		1200/-		1200/-		
G. A. Kayum.		5141-8		5141-8-0		
	8050	26841-8/		34891-8-0		

Bijapur Date 15 -- 4 -- 19 51.

Total Share Capital Paid up, see No. I Rs. 138000/-

Loan „ „ Borrowed, „ „ II „ 34891- 8-0

Total Capital received Rs. 172891- 8-0

B.L.Kulkarni.
Accountant.

G.A.Kayum.
Managing Director.

c Supply Co. Ltd.

19

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OR.

Items of receipts	Receipts up to the end of previous year	Receipts during the year	Total receipts
1 By ordinary shares of 100 Rs. each.	103000 0 0		103000 0 0
2 By Ditto			
3 By 6% Cumulative preferance shares of 100 Rs. each.	30000 0 0	5000 0 0	35000 0 0
4 By Debenture stock			
5 By mortgages and bonds			
6 By amount received in anticipation of calls....			
7 By other Receipts:-			
(A) Unsecured Loans	38841 8 0	Paid 3950 0 0	34891 8 0
(B)			
(C)			
		+ 5000 0 0	
		- 3950 0 0	
Total Rs.	171841 8 0	+ 1050 0 0	172891 8 0
To Balance of capital account..			104525 8 1
Total Rs.			276417 0 1

G.A.Kayum.
Managing Director.

		Rs	as.	ps	Rs		ps.
A.—Generation :—							
To Fuel							
„ Oil, waste, water and engine-room stores	....	80305	0	0			
„ Proportion of salaries of engineers, superinte	....	1776	5	8	78528	10	4
„ Wages and Gratuities							
„ Repairs, Renewals and Maintenance to Plan	....				2375	13	0
„ „ „ „ „ to Buil	....						
B—Distribution Account :—							
To Proportion of salaries of engineers, Superinte	....	17205	12	6			
„ Wages and gratuities		1161	8	3	16044	4	3
„ Repairs, maintenance and renewals of main	....				19269	2	0
„ „ „ „ „ „ trans	....						
„ „ „ „ „ „ mete							
outs and other apparatus on consumemises					2929	4	0
C.—Public Lamps :—	....						
To Attendance and Repairs	...						
„ Renewals, etc.							
					173	0	0
D.—Rents, rates, and taxes :—							
To Rents payable							
„ Rates and Taxes	...				127	12	0
E —Management expenses :—							
To ~~Directors'~~ Managing agents' remuneration	....				1551	14	0
„ Management							
„ Agent's Allowance (Office)	....				84	0	0
„ General Establishment Charges ...							
„ Auditors of Company					168	0	0
„ Auditor appointed under the provisions of							
Donation to Gandhi M. Fund.					385	0	0
F.—Law Charges :—							
To Law expenses					191	0	0
G.—Depreciation :—							
To Depreciation in respect of ~~leasehold works~~							
„ „ „ „ „ buildings							
„ „ on plant							
„ „ „ mains							
„ „ „ ~~transformers etc~~ Servi							
„ „ „ meters							
„ „ „ ~~general stores~~ Public					45	4	9
H.—Special charges :—							
To Insurance charges							
„ Bad debts written off							
Total expenditure					121873	0	4

To net Revenue a/c.

Bombay, 15 - 4 - 1951

Revenue Account for the yea

	Rs.	as	ps	Rs.	as	ps
A.—Generation:—						
To Fuel	34126	15	6			
„ Oil, waste, water and engine-room stores	74	5	3			
„ Proportion of salaries of engineers, superintendents & officers	11982	4	3			
„ Wages and Gratuities						
„ Repairs, Renewals and Maintenance to Plant	13776	9	6			
„ „ „ „ „ to Building ...	219	6	0	60179	8	6
B—Distribution Account:—						
To Proportion of salaries of engineers, Superintendents & officers						
„ Wages and gratuities	8884	9	0			
„ Repairs, maintenance and renewals of mains	1656	0	3			
„ „ „ „ „ „ transformers, etc						
„ „ „ „ „ „ meters, switches, cut-outs and other apparatus on consumer's premises ...	51	5	3	10591	14	
C.—Public Lamps:—						
To Attendance and Repairs	1566	10	0			
„ Renewals, etc.	1081	10	3	2648	4	
D.—Rents, rates, and taxes:—						
To Rents payable						
„ Rates and Taxes	609	13	3	609	13	
E—Management expenses:—						
To ~~Managing agents'~~ remuneration	1585	9	3			
„ Management	3873	4	3			
„ Agent's Allowance (Office)	2182	0	0			
„ General Establishment Charges	8403	7	9			
„ Auditors of Company	200	0	0			
„ Auditor appointed under the provisions of the Act	260	0	0	16504.	5	
Donation to Gandhi M. Fund.				1000	0	
F.—Law Charges:—						
To Law expenses				1150	0	
G.—Depreciation:—						
To Depreciation in respect of ~~leasehold works~~ Flat Rate.	34	12	1			
„ „ „ „ „ buildings	449	1	8			
„ „ on plant	2772	12	0			
„ „ „ mains	2938	12	3			
„ „ „ ~~transformers etc~~ Service.	109	13	0			
„ „ „ meters	557	2	9			
„ „ „ ~~general stores~~ Public light.	436	8	6	7298	14	
H.—Special charges:—						
To Insurance charges						
„ Bad debts written off				109	4	
Total expenditure				100092		
To net Revenue a/c.				21780		
				1211873		

Bombay, 15 - 4 - 19 51.

1211873

ding 31st 2/19

		Rs.	as.	ps.	Rs.	as.	ps.
sale of energy for lighting purposes:—							
Lighting purposes ... Li. 80305- 0- 0		80305	0	0			
Less rebate allowed ... 1776- 5- 8		1776-	5	8	78528	10	4
y Motive power					2375	13	0
Less rebate allowed							
Public lighting		17205	12	6	16044	4	3
Less penalty.		1161	8	3	19269	2	0
Sale of energy under special contracts							
~~Less rebate allowed~~					2929	4	0
y Rental of meters and other apparatus on consumer's premises							
Rents receivable							
, Transfer fees					173	0	0
" Service connections & reconnections. .... -							
Interest received .... -					127	12	0
, Miscellaneous receipts from consumers							
, Other items (to be specified)					1551	14	0
Service received.					84	0	0
Battery charging.					168	0	0
Meter Testing.					385	0	0
Temporary Illumination.					191	0	0
Meter Fixing.					45	4	9
Rebate on Govt. Duty.							
					121873	0	4

Accounts,
Auditors.

		Rs.	as.	ps.	Rs.	Rs.	ps.
By sale of energy for lighting purposes:—							
By Lighting purposes	Li. 80305- 0- 0	80305	0	0			
Less rebate allowed	1776- 5- 8	1776-	5	8	78528	10	4
By Motive power					2375	13	0
Less rebate allowed							
By Public lighting		17205	12	6			
	Less penalty.	1161	8	3	16044	4	3
„ Sale of energy under special contracts					19269	2	0
~~*Less* rebate allowed~~							
By Rental of meters and other apparatus on consumer's premises					2929	4	0
„ Rents receivable							
„ Transfer fees							
„ Service connections & reconnections.					173	0	0
„ Interest received							
„ Miscellaneous receipts from consumers					127	12	0
Other items (to be specified)							
Service received.					1551	14	0
Battery charging.					84	0	0
Meter Testing.					168	0	0
Temporary Illumination.					385	0	0
Meter Fixing.					191	0	0
Rebate on Govt. Duty.					45	4	9
					121873	0	4

Accounts,
Auditors.

The Bijapur Electric Supply Co. Ltd.

Dr. V. Net Revenue Account for the year ended 19 Cr.

To Last year Balance.					1 By balance from last a/c.				
1 To Interest on debentures accrued due to date					Less dividend paid				
2 To Interest on mortgages and bonds accrued due to date ...									
To Contingencies Reserve.					By amount carried to reserve fund				
3 To Interest on temporary loans accrued due to date	681	12	6						
4 To dividend on preference stocks ...	7520	12	6						
5 To Income tax paid	1747	6	0		2 By balance brought from revenue a/c. (No. IV) ...			21780	15 10
6 To Balance applicable to dividend on ordinary Stock or Shares ...	8956	3	3		3 By Interest on money at deposit				
Total Rs	21780	15	10		Total Rs....			21780	15 10

Bijapur Dated 23- 3- 15- 4- 1951.

B. L. Kulkarni.
Accountant.

G. A. Kayum.
Managing Director.

The Bijapur Electric Supply Co. Ltd.

Dr. VI. Reserve Fund Account for the year ende 19 Cr

1	To Amount paid out ...				1	By balance brought from last account ...	9099	10	6
2	To Amount to balance to next account	9099	10	6	2	By amount brought from Net Revenue a/c			
					3	By Interest on amount invested			
	Total Rs.	9099	10	6		Total Rs.	9099	10	6

Bijapur Date 15-- 4-- 1951 .

B. L. Kulkarni.
Accountant.

G. A. Kayum.
Managing Director.

The Bijapur Electric Supply Co. Ltd.

Dr. VI. Reserve Fund Account for the year ended 19 Cr

1 To Amount paid out				1 By balance brought from last account	9099	10	6
2 To Amount to balance to next account	9099	10	6	2 By amount brought from Net Revenue a/c			
				3 By Interest on amount invested			
Total Rs.	9099	10	6	Total Rs.	9099	10	6

Bijapur Date 15-- 4-- 1951.

B. L. Kulkarni.
Accountant.

G. A. Kayum.
Managing Director.

The Bijapur Electric Supply Co. Ltd.

Dr. VII. Depreciation Fund Account for the year ended 19 . Cr.

					Depreciation a/c No. I.				
1	To Amount paid				1 By balance from last account				
					By Depreciation fund a/c No.II.	75388	1	3	
2	To Balance Depreciation fund a/c No. I.	10014	7	3	2 By Interest on investment				
	" II.	82636	15	6	3 By amount brought from Revenue a/c No. IV. G....	7298	14	3	
	Total Rs.	92651	6	9	Total Rs.	92651	6	9	

Bijapur Date 15 - 4 1951.

B.L.Kulkarni.
Accountant.

G.A.Kayum
Managing Director.

The Bijapur Electric Supply Co. Ltd.

VIII. General Balance Sheet as on ____ __19

LIABILITIES.				ASSETS.			
1 To capital account :—				1 By capital account :—			
Amount recd. per a c No. III	172891	8	0	Amount expended for works as per A/c No. III.	276417	0	1
2 To sundry creditors due on construction of plant and machinery fuel, stores, etc. ...	56881	4	8	2 By stores on hand 45967-14-11			
				" stock of Oil. 3681-11- 0	49649	9	11
3 To sundry creditors on open accounts ...	6550	10	7	8 By Sundry debtors			
				Total consumers for Light 13051-14-1			
				Duty 728- 8-3			
4 To net revenue a/c :—				4 ~~By preliminary expenses awaiting adjustment~~			
Fitting Profit. 8956- 3- 3				City Municipality for St.Lt. 1538- 4-8			
Balance at credit there of 702-13- 6	9659	0	9	Advance for Goods. 7452-11-0			
				5 ~~By securities as held (cost price)~~			
				On open A/c. 167- 3-0			
5 To reserve fund a/c —.				Staff Advance. 673- 4-0	23611	13	0
Balance at credit there of	9099	10	6	6 By special items :— ...			
Contingencies Reserve.	681	12	6				
6 To depreciation fund account I	10014	7	3	(a) Good Will.	5000	0	0
II	82636	15	6				
				(b) Rent paid in advance.	770	0	0
7 To special items ...							
(a) Unclaimed Dividend.	2523	4	0	(c) Income-tax Paid in Advance.	3863	5	0
(b) Interest payable.	1043	13	3	(d)			

(c) Expenses Payable		5	0	0				
(d) Duty Payable.		4	6	0	7 By cash at Bankers	....	12	0 10
(e) Sale Tax Payable.		78	14	3	8 By cash on hand	....	5597	15 8
(f). Consumers Deposit		5148	8	0				
(g) Fitting Advance.		1175	0	0				
(h) Managing Agents.		547	9	3				
Total Rs	....	364921	12	6	Total Rs	....	364921	12

Bijapur, Dt. 15 - 4 - 51.

B. L. Kulkarni
Accountant.

G. A. Kayum.
Managing Director.

The Bijapur Electric Supply Co. Ltd.

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IX Statement of Energy Generated, Sold, etc. for the year ended _____ 19

Total energy Generated in Kilowatt hours	Kilowatt hours sold					Kilowatt hours used in works	Kilowatt hours not accounted for	Total kilowatt hours accounted for	Kilowatts connected for public lamps	Total consumers connected	Total kilowatts connected	Plant installed killowatts	Maximum supply demanded in kilowatts
	Public lamps	By special contract	Consumers by meter for generating purposes	Consumers by meter for power purposes	Total								
1	2	3	4	5	6	7	8	9	10	11	12	13	14
294102	40640	Flat-Rate Light :- 30229 For Power Purpose :- 23931	158044	11085	263929	12109	18064	276038	19-6904	679.	384.43	298	176

Bijapur Date _____ 19

Engineer

Managing Direc'or.

The Bijapur Electric Supply Co. Ltd., Bijapur.

33

FORM OF ADDITIONAL STATEMENT OF ACCOUNTS OF ELECTRICAL UNDERTAKING

STATEMENT FORM.

1	Company, etc.	The Biajpur Electric Supply Co;Ltd;
2	Account for ending.	31st March 1951
3	Year of working	22nd Year
4	Motive power.	Diesel Engines

5	Total capital expenditure at end of year (*not* capital of company).	Rs	2,89,739-14-4
6	Revenue from electric supply.	Rs	1,32,014-1-10
	Revenue from meter rents and other sources (including interest on investments if any).	Rs	5,999-2-9
8	Total working costs excluding depreciation (col 11) but including income tax from net revenue account.	Rs	1,14,421-4-9
9	Gross profit before providing for interest, depreciation or reserve (cols. 6 *plus* 7-8).	Rs	23,591-15-10
10	Interest (on debentures and loans) and special charges.	Rs	7,478-13-3
11	Depreciation and reserve (for the year). Writing off preliminary expenses included	Rs	8,416-11-9
12	Ditto per cent on col 5.	Rs	2.214
13	Financial result (col. 9-10 *plus* 11).	Rs	7,696-6-10
14	Ditto per cent. on col 5.		2.69
15	Units generated.		3,24,236
16	Units sold.		2,94,783

COSTS IN ANNAS PER UNIT GENERATED.

17	Fuel.	Rs 46,246-6-11	2.282
18	Oil, waste, water, engine room stores, etc.	Rs 64-8-10	0.003
19	Wages and salaries excluding management (generation, distribution and public lamps together)	Rs 29,611-14-6	1.461

20	Repairs and maintenance (generation, distribution and public lamp renewals when charge on contract rate for current includes renewals).	Rs 13,853—8—9	0.6840
21	Rent, rates and taxes.	Rs 657—4—6	0.032
22	(*a*) Management, Director's fees, office allowance, salaries (other than in col. 19), office and legal expenses.	Rs 18,470—0—0	0.911
22	(*b*) Incidental and overhead charges (other than capital charges), e. g. depreciation, insurance, income tax, interest, etc., which cannot properly be included under any of the heads 17 to 21 and 22 (*a*). *Note*:— All working costs should go under one of these heads, but not capital charges.)	Rs 21,413—1—6	0.57
23	Total working costs (cols. 17 to 22 added).	Rs 1,30,316—13—9	6.430

TECHNICAL DATA.

24	Kilowatts connected to public lamps.	24.8
25	Total consumers connected (number).	698
26	Total connections, kilowatts.	402.

Note:— Where there is also a tramway load the ratio of the Kilowatts connected exclusive of the trams) to (units sold exclusive of trams) should first be found. Then the corresponding value of the kilowatts connected to the trams should be taken in the same ratio to the units used on the trams. The total kilowatts connected will then be the sum of the two.

27	Maximum load on station, kilowatts. (The figures given in the accounts appear mostly to be maximum station load. Both figures may be given.)	200. Kw.
28	Load factor $\frac{\text{units sold} \times 100}{\text{maximum load on feeders} \times 24 \times 365}$	$\frac{324236 \times 100}{200 \times 24 \times 365}$
29	Plant capacity installed, kilowatts.	298

30	Average price in annas obtained per unit (col. 6 ÷ 16).	7.165
31	Percentage of dividend paid per year.	Not yet declared
32	The type and size of the generating plant, with dates of installation thereof	A seperate list is attached
33	The nature of the supply—	
	(*a*) Generation, voltage, frequency, etc.	D.C.460 Volts 3 wire syatem
	(*b*) Distribution, voltage, frequency, etc.	440 Volts accross the outers and 220 volts between outer and neutral.

Sd/- B. L. Kulkarni
Accountant.

Sd/- G. A. Kayum
Managing Director.

Certified that all expenditure direct and indirect which could not be reasonably taken into account under any other heads (items 17 to 22 (a) has been taken into consideration while calculating the total costs (item 23)

The Bijapur Electric Supply Co. Ltd.,
Bijapur 20th November 19 51.

Auditor.

The Bijapur Electric Supply Co. Ltd.

37

I. Statement of share capital appropriated for the purpose of the Undertaking authorised by the above mentioned Licensee

at the end of the year 31st March 1951.

Description of loan	Authorised by	Number of shares issued	Nominal amount of share	Called up per share	Total paid up	Issued not paid up	Remaining unissued	Total amount authorised
Ordinary shares		3500	100/-	50/- on application.	10300	2470---	---	350000.
5% less Tax Preference shares.		1000	100	50- on allotment.	---	1000	---	100000.
6% Cumulative Preference Shares.		500	100	---	3500	150	---	50000.

Bijapur Date 20-11-1951. 19

B.L.Kulkarni.
Accountant.

Managing Director.

The Bijapur Electric Supply Co. Ltd.

II. Statement of Loan Capital appropriated for the purpose of the Undertaking authorised by the above mentioned Licensee at the end of the year 31st March 1951.

Description of loan	Amounts borrowed at per cent 4½	at per cent 6%	at per cent	Total	Remaining borrowing Powers	Total amount of borrowing Powers.
Bijapur Municipality	6250			6250/-		
Tayaballi Abdul-Kayum		7500/-		7500/-		
Akabab Abdul-Kayum		2000/-		2000/-		
Khatijabai Abdul-Kayum		1200/-		1200/-		
Sakirabai - E - Ladi		7000/-		7000/-		
G.A.Kayum		5141/8/-		5141/8/-		
Jahirabai Gulamalli Bohari		2600/6/		2600/6-		
Dr.S.B.Patil		4000/-		4000/-		
	6250/-	29441/14/-		35691/14/-		

Bijapur Date 20-11-1951 19

Total Share Capital Paid up, see No. I Rs. 1,38,000- 0-0

Loan Borrowed, „ „ II „ 35,691-14-0

Total Capital received Rs. 1,73,691-14-0

Sd. B.L.Kulkarni.
Accountant.

G. A. Kayum
Managing Director.

The Bijapur Electric

III. Capital account for the year end

DR

	Heads of expenditure	Expenditure up to end of previous year				Expenditure during the year				Total expenditure			
1	To preliminary expenses	770	-	-						770	-	-	
2	To lands, including law-charges incidental to requisition												
3	To buildings ...	14973	8	4		--	-	-		14973	8	4	
4	To plant	95537.	-	9		6044	-	6		101581	1	3	
5	To mains	121879	14	6		3034	6	-		124914	4	6	
6	To transformers, etc service. ...	5091	11	11		1966	5	-		7058	-	11	
7	To meters and fees for certifying under the Act ...	14179	15	6		--	--	--		14179	15	6	
8	To Flat rate. ...	1376	1	9		--	--	--		1376	1	9	
9	To special items												
(A)	Public light.	19873	9	9		1744	2	9		21417	12	4	
	Furniture & Dead stock	1695	-	1		534	-	-		2229	-	1	
(B)	Loose tools.	1240	1	6		---	--	-		1240	1	6	
(C)													
	Total expenditure	276417	-	1		13322	14	3		289739	14	4	
	To balance of capital account ...												
	Total Rs. ...									289739	14	4	

Bijapur Dated- 20-11- 1951.

B. L. Kulkarni.
Accountant.

upply Co. Ltd.

41

arch 1951.

CR.

Items of receipts	Receipts up to the end of previous year	Receipts during the year	Total receipts
By ordinary shares of Rs 100/- each.	103000 - -		103000 - -
By Ditto			
By 6% cumulative preferance shares of Rs 100/- each.	35000 - -		35000 - -
By Debenture stock			
By mortgages and bonds			
By amount received in anticipation of calls....			
By other Receipts:-			
(A) Unsecured loan	34891 8 - 2/	6600 6 -	35691 14 -
	Rs	5800	
(B)			
(C)			
Total Rs.	172891 8 -	800 6 -	173691 14 -

Balance of capital a/c.	116048 - 4
Total Rs.	289739 14 4

Managing Director.

Revenue Account for the year e

	Rs.	as	ps	Rs.	as	ps
A.—Generation:—						
To Fuel	46,246	6	11			
„ Oil, waste, water and engine-room stores	64	8	10			
„ Proportion of salaries of engineers, superintendents & officers	15,614	13	6			
„ Wages and Gratuities	---	--	--			
„ Repairs, Renewals and Maintenance to Plant	9,752	5	0			
„ „ „ „ „ to Building	306	7	3	71,984	9	6
B.—Distribution Account:—						
To Proportion of salaries of engineers, Superintendents & officers	11,677	5	0			
„ Wages and gratuities						
„ Repairs, maintenance and renewals of mains	2,425	13	6			
„ „ „ „ „ „ transformers, etc	--	--	--			
„ „ „ „ „ „ meters, switches, cut-outs and other apparatus on consumer's premises	--	--	--	14,103-	2	6
C.—Public Lamps:—						
To Attendance and Repairs	2,319	12	0			
„ Renewals, etc.	1,368	15	0	3,688-	11-	0
D.—Rents, rates, and taxes:—						
To Rents payable						
„ Rates and Taxes				657	4	6
E.—Management expenses:—						
To Director's remuneration	--	--	--			
„ Management	4,630	11	0			
„ Agent's Allowance & remuneration.	4,629	14	0			
„ General Establishment Charges	8,749	7	0			
„ Auditors of Company	200	0	0			
„ Auditor appointed under the provisions of the Act	260	0	0	18,470	0	0
F.—Law Charges:—						
Law expenses	--	--	--	--	--	
G.—Depreciation:—						
To Depreciation in respect of Plat rate	35	6	4			
„ „ „ „ „ buildings	449	1	8			
„ „ on plant	2,811	8	3			
„ „ „ mains	3,132	5	6			
„ „ „ Services	130	14	3			
„ „ „ meters	628	2	0			
„ „ „ general stores	505	9	9	7,702	15	9
H.—Special charges:—						
To Repairs to service				625	14	3
„ Bad debts written off						
Total Expenditure.				1,17,232	9	6
Balance to net revenue account.				20,780	11	1
Total				1,38,013	4	7

Bombay, 20-11-1951. 19

Sd. G.S.Abhyankar.
Chartered Accountant.

Registered

ding 31st March 19 31.

	Rs.	as.	ps.	Rs.	as.	ps.
Sale of energy for lighting purposes:—						
Lighting purposes	93,823	2	0			
Less rebate allowed	2,048	5	8	91,774	12	4
Motive power				2,695	12	3
Less rebate allowed						
Public lighting	19,142	1	2			
Less penalty etc.	981	7	11	18,160	9	3
Sale of energy under special contracts				19,383	0	0
Less rebate allowed						
Rental of meters and other apparatus on consumer's premises				2,985	8	0
Rents receivable				--	--	--
Transfer fees				--	--	--
Service connections & reconnections				228	0	0
Interest received				--	--	--
Miscellaneous receipts from consumers				115	11	0
Other items (to be specified)						
Service received.				2,008	12	9
Battery charging.				64	0	0
Meter testing and fixing.				292	0	0
Temporary illumination.				250	0	0
Rebate on Government Duty				55	3	0
				1,38,012	4	7

Accounts,
Auditors.

The Bijapur Electric Supply Co. Ltd.

IX Statement of Energy Generated, Sold, etc. for the year ended 31st March 1951

Total energy Generated in Kilowatt hours	Kilowatt hours sold					Kilowatt hours used in	Kilowatt hours not accounted for	Total kilowatt hours accounted for	Kilowatts connected for public lamp	Total consumers connected	Total kilowatts connected	Plant installed killowatts	Maximum supply demanded in kilowatts
	Public lamps	By special contract	Consumers by meter for lighting purposes	Consumers by meter for power purposes	Total								
1	2	3	4	5	6	7	8	9	10	11	12	13	14
3,24,236	51,495	27,298 Lighting purposes 18,244 Power purposes	1,84,476	13,270	2,94,783	12,192	17,261	3,06,975	24.88	698	402.97	298	200

Bijapur Date 20th November 1951 19

S/d- K. H. Gokhale
Elec. Engineer

S/d- G. A. Kayum
Managing Direc'or.

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The Bijapur Electric Supply Co. Ltd.

IX Statement of Energy Generated, Sold, etc. for the year ended 31st March 1951

Total energy Generated in Kilowatt hours	Kilowatt hours sold					Kilowatt hours used in Generating Station	Kilowatt hours not accounted for	Total kilowatt hours accounted for	Kilowatts connected for public lamps	Total consumers connected	Total kilowatts connected	Plant installed killowatts	Maximum supply demanded in kilowatts
	Public lamps	By special contract	Consumers by meter for lighting purposes	Consumers by meter for power purposes	Total								
1	2	3	4	5	6	7	8	9	10	11	12	13	14
3,24,236	51,495	27,298 Lighting purposes 18,244 Power purposes	1,84,476	13,270	2,94,783	12,192	17,261	3,06,975	24.88	698	402.97	298	200

Bijapur Date 20th November 1951 19

S/d- K. H. Gokhale
Elec. Engineer
Engineer

S/d- G. A. Kayum
Managing Direc'or.

The Bijapur Electric Supply Co., Ltd., Bijapur. 55

Statement of Technical Data.

Details of Electrical undertakings in the City of Bijapur as on 31st March 1951.

1. Name of the Scheme. ... The Bijapur Electric Supply Co., Ltd., Bijapur.
2. Location of the Power House ... Near Thaltavadi, in the City of Bijapur.
3. Motive Power. ... Crude Oil Engine.
4. Total Capacity in K.W. ... 298 K.W.
5. Voltage of Supply. ... 440 Volts, 3 wire system.
6. A.C. or D.C. ... D.C.
7. Fuel used. ... Crude Oil.
8. Details of Power Plant. ... (a). Boilers No. type, Capacity in K.W. Date of Manufacture. year of installation etc. --- Nil.----Nil.----Nil.----

(b). Prime movers No. type, Capacity in K.W., date of manufacture and year of installation.

S.No.	Engine No.	B.H.P.	R.P.M.	Makers.	Year of Installation.
1.	164442	52	1000	Ruston & Hornsby	1938.
2.	170220	52	1000	Ruston & Hornsby	1934.
3.	320664.	95	750	Deutz.	1935.
4.	400282-35	125	750	Deutz.	936
5.	169213	150	600	Ruston & Hornsby.	41.

P.T.O.

(C).

Generators.

S.No.	Generator No.	K.W.	R.P.M	Volts.	Amps.	Makers.	Year of installation.
1.	F/122A208	30	1000	480	62.5	Compton Parkinson.	1933.
2.	F/122A245	30	1000	480	62.5	Crompton Parkinson.	1934.
3.	2877355	62	750	480	168.	M/S.The Siemens(India) Ltd.	1935.
4.	4466540.	81	750	480	168.	M/S.The Siemens (India) Ltd.	1936.
5.	L.127-B.	95	600	480	219	M/S. The English Electric Co.Ltd.	1941.

(D). Transformers:- Nil. ---- Nil. ----

Date of commencement of supply:- August 1929.

Remarks if any: Nil.

Bijapur: 20-11-1951.

Copy".

Sd. K.H.Gokhale.
Electrical Engineer,
The B.E.S. Co., Ltd.,
Bijapur.

Sd. G.A.Kayum.
Manager,
The B.E.S. Co., Ltd.,
Bijapur.

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The Bijapur Electric Supply Co. Ltd.

Dr. V. Net Revenue Account for the year ended **31st March** 19 **51.** Cr.

1	To Interest on debentures accrued due to date	---	--	--	1	By balance from last a/c.		9,659	0	9
	Contingency Reserve.	713	12	0		Less dividend paid				
	~~xxxxxxxxxxx xxxxxxxxx xxx xxxx~~									
2	To Interest on mortgages and bonds ~~xxxxx xxxxxxxxx~~ accrued due to date ...					By amount carried to reserve fund				
3	To Interest on temporary loans accrued due to date	7,478	13	3						
4	To dividend on preference stocks ...	---	--	--						
5	To Income tax paid ...	4,891	11	0	2	By balance brought from revenue a/c. (No. IV) ...		20,780	11	1
6	To Balance applicable to dividend on ordinary Stock or Shares ...	17,355	7	7	3	By Interest on monev at deposit				
	Total Rs	30,439	11	10		Total Rs....		30,439	11	10

Bijapur Dated _____ 19 **51**

Sd.B.L.Kulkarni.

Accountant

Managing Director.

The Bijapur Electric Supply Co. Ltd.

Dr. VI. Reserve Fund Account for the year ended March 31 19 51. Cr

1	To Amount paid out	...	---	--	--	1 By balance brought from last account ...	9,099	10	
2	To Amount to balance to next account	...	9,099	10	6	2 By amount brought from Net Revenue a/c	---	--	--
						3 By Interest on amount invested	---	--	-
	Tot		9,099	10	6	Total Rs.	9,099	10	

Bijapur. Date_____ 19 51

Sd. B.L.Kulkarni.
Accountant.

Managing Director.

The Bijapur Electric Supply Co. Ltd.

Dr VI. Reserve Fund Account for the year ended March 31 19 51. Cr.

1	To Amount paid out	...	---	--	--	1	By balance brought from last account	....	9,099	10	6
2	To Amount to balance to next account	....	9,099	10	6	2	By amount brought from Net Revenue a/c	....	---	--	--
						3	By Interest on amount invested	....	---	--	--
	Total Rs.		9,099	10	6		Total Rs.		9,099	10	6

Bijapur. Date _____ 19 51

Sd. B.L.Kulkarni.
Accountant.

Managing Director.

The Bijapur Electric Supply Co. Ltd.

Dr. VII. Depreciation Fund Account for the year ended **31st March** 19 **51.** Cr.

							By Depreciation A/C 1			
1	To Amount paid	....	---	--	--	1	By balance from last account	10,014	7	9
2	To Balance **Depreciation C/D**	....	90,339	15	3	2	By Interest on investment	82,636	15	6
	Depreciation A/C 1		10,014	7	3	3	By amount brought from Revenue a/c No. IV. G....	---	--	-.
								7,702	15	9
	Total Rs.		1,00,354	6	6		Total Rs.	1,00,354	6 15	6

Bijapur Date_____ 19 **51.**

Sd. B.L.Kulkarni.

Accountant.

Managing Director.

The Bijapur Electric Supply Co. Ltd.

VIII. General Balance Sheet as on 31st March 19 51.

LIABILITIES.			ASSETS.		
1 To capital account :—			1 By capital account :—		
Amount recd. per a/c No. III		1,73,691-14-0	Amount expended for works as per A/c No. III	2,89739	14 4
2 To sundry creditors due on construction of plant and machinery fuel, stores, etc.		52,800- 2-1	2 By stores on hand includingoil at cost....	48181	12 2
3 To sundry creditors on open accounts ...		9,220- 8-7	3 By Sundry debtors Total Consumers for light and power etc. 15226-10-10 Total Cons.for power 813-15- 0		
4 To net revenue a/c :— 17,355- 7-7			4 By preliminary expenses awaiting adjustment .... Bijapur Municipality for light		
Balance at credit there of ... Fitting profit. 238- 7-6		17,593-15-1	5 By securities as held (cost price) 1694- 5-0.... Advances for purchases 17753- 7-0 Sundry Dr.on open a/c. 1174- 9-0		
5 To reserve fund a/c —			6 By special items :— ...		
Balance at credit there of	9,099-10-8		Staff advance. 90- 4-0	36753	2 10
Contingency Reserve.	1,395- 8-6		(a) Good will	5000	0 0
6 To depreciation fund account	90,339-15-3		Rent paid in advance.	660	0 0
"Depreciation Fund account No.1	10,014- 7-3		(b)		
7 To special items ...			(c)		
(a) Consumer's Deposit.		5,300- 4-0	(d)		
(b) Interest payable.		441-10-0	(e)		

	Fitting Advance		5,880	0	0			
(d)	Expenses payable.		5,331	0	0	7 By cash at Bankers ...	10	8 4
						8 By cash on hand ...	2938	10
(c).	Electic Duty payable.		1,243	8	0			
(d).	Income-tax Payable.		352	10	0			
(e).	Managing Agent.		608	5	3			
	Total Rs ..		3,83,283	6	6	Total Rs ...	3,83,283	6 6

Bijapur, Dated 20-11-1951. 19.

B.L.Kulkarni.

Accountant.

Managing Director.

No.OA/14092 — 20/1/52

Office of the Examiner, Outside Audit
Accountant General's Office,
4th Floor, Universal Insurance Bldg
Sir P.M. Rd. Bombay dt. the

To
The Secretary to the Government of Bombay,
Public Works Department, Bombay.

Sub:- Report on the audit of the accounts of the Bijapur Electric Supply Company Ltd., for the years ended 31-3-50 & 31-3-51

Sir,

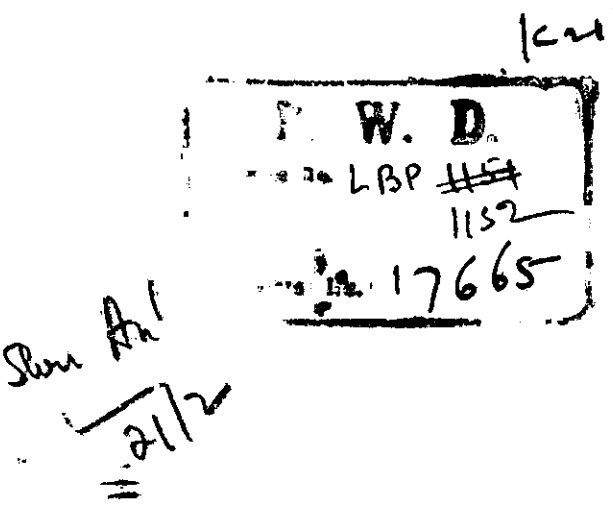
I am to forward herewith the report on the audit of the accounts of the Bijapur Electric Co. Ltd., for the years ended 31-3-50 and 31-3-51

Extract of paragraphs 2; 4(b); 6(b);8(a) 11; 12; 13 and 14 of the audit report mayplease be forwarded to the management for information and necessary action.

Yours faithfully,
Srinivasa Rao 20/1/52
Asstt. Examiner, Outside Audits.

No. OA/
Copy together with a copy of the audit report forwarded to
(1) The Electrical Engineer to the Government of Bombay.
(2) The Senior Auditor Shri D.S. Desai with a set of accounts.

Asstt. Examiner, Outside Audits.


P. W. D.
LBP
1152
17665

LBP 1152.
PWD. 17665

KBr.

Submitted.

2. The statements of accounts of the Bijapur Elg. Undertaking for the years ended 31.3.50 & 31.3.51, together with the audit report thereon, may, in the first instance, be shown to the El Engr. for information & remarks, if any.

TO VB 1906 25/1/52.
A.A.S. 27/2/52
to AA & BAY

25/1/52

to the El. Engr. to Govt. dt. 26 Feb. 1952

25/2

61

p 59

Below U.O.R.No.LSP.1152/17665 dated the 26th February 1952, from Government in the Public Works Department.

No. L.A.8/8030 of 1952.

Bombay, 18th September 1952.

Returned, with compliments.

2. The extracts of paras 2, 4(b), 6(b), 8(a), 11, 12, 13 and 14 of the audit report may be forwarded to the Company for information and necessary action, as proposed by the Examiner, Outside Audit Department.

Electrical Engineer to Govt.

P.

LBP 1152

87881

KBr

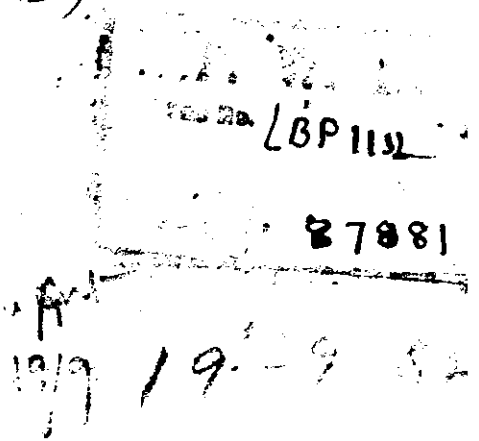
P.L.D.

P.L. see the El. Engr's remarks overleaf. In view thereof, the licensee may be addressed as per draft put up for appl.

25/8/52.

D.S. (Hrs)

19-9



To LBP

No. LBP/1152 K. P.W.D.

B.C. (Bbay No. 1),
24th Septr 1952

To
M/s The Bijapur El. Supply
Coy., Ltd.,
Bijapur.

Subj:- Accounts for the years ended 31.3.50 & 31.3.51.

Sirs,

I am directed to forward herewith for information and necy. action extract paras 2, 4(b), 6(b), 8(a), 11, 12, 13 & 14 of the audit report on the accounts of your Undertaking for the years ended 31.3.50 & 31.3.51

2. Action taken in the matter should be reported to Govt. at an early date.

Yours Affly
A.S.

Copy.

DA:- Extract-para refd. to.

Copy to —

the Exec. Engr., O.A.D., A.C.'s Office, Bikaner, with refce to his letter No. OA/14092, dt. the 20.2.52

the Elecal Engr. to Govt. with refce to his No. L.A. 8/8030, dt. the 18-9-52.

Accounts
25-9-52 PWR

20/9/52.

The Co. expedited under No: EBP 1152-K, dated the 11th. November 1952.

P. W. D.

ISSUED
11/11/52 PWR

11/11/52.

11/11

11/11

11/11

65

THE BIJAPUR ELECTRIC SUPPLY CO. LTD:

Telephone No. 36

MANAGING AGENTS
M/s. ABDULKAYUM & SONS
BIJAPUR.

Ref. No. G .329. of 1952

BIJAPUR 15/11/52
M. S. M. RLY. 17

To, The Assistant Secretary to the Government
of Bombay, P. W. D. Bombay, 1

Sub: Accounts for the year
ended the 31-3-50 and 31-3-51

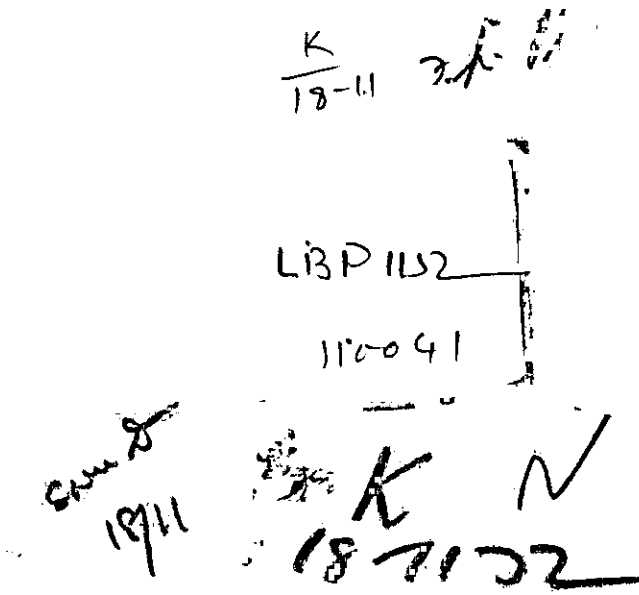
Sir,

With reference to your letter No. L. B B 1152-K of 11-11-52, We have to state that we are in consultation with our Auditors for the purpose of forwarding our reply to your Audit Report

We will comply with your letter under No. LBC 1152-K of 24-9-52 as soon as we complete our Consultation.

Yours faithfully

MANAGER.
THE BIJAPUR ELECTRIC SUPPLY CO. LTD: BIJAPUR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18-11
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11-0041
1911
K
18-1152

67

LBP-1152

110041

B.W.D.

K. Br

Submitted with ref. to reminder

No. LBP-1152-K dt. the 11-11-52

2. In view of the circumstances explained by the Co., the reply to the audit report from it may be awaited

27/11/52

Await

ABB
29/11

Sub-dt

The Bijapur Electric Supply Co., Ltd.,
Bijapur.

69

ORIGINAL

2. Previous Audit.

~~We will deal with this subject separately.~~
(Please refer to the last page No 370. G.370 of 20-12-52)

4. Capital Account.- Statement III.-

(b) The expenditure incured on cylinder heads and pistons in 1949-50 and 1950-51 are heavy expenditures and are charged to capital account for the reason that such spare parts as mentioned above last for good many years and as such the whole expenditure cannot be charged for that particular year and therefore this should naturally be treated as Capital expenditure and depreciation of spares calculated and accounted for. The Government audit report of 1948-49 has confirmed this view-TheIncome-tax department also considers the above expenditure as of Capital nature. We will be glad if your office can supply list of items of expenditure which should be charged to capital and a list which should be charged to revenue. The same lists may also be supplied to the Income-tax department to avoid unnecessary difference of opinions.

6. Statement V.- Net Revenue Account.-

(b) The amounts will be invested in the Securities.

8. Statement VII.- Depreciation Fund Account.-

(a) The Government in 1949 have prescribed periods to all our assets. The Depreciation is calculated for the periods prescribed. The depreciation is arrived at accordin-ng to para VI (1) proviso of the sixth schedule and not according to para VI (1) of the sixth shchedule. The sixth shchedule do not give us any specific instructions as to how the excess depreciation amount should be treated. In the absence of such instructions we have created a depreciation fund No.I and have charged the excess depreciation to that account. This would serve as reserve parallel to contingency reserve as mentioned in para VII, VIII & IX of the sixth schedule.

11. Managing Agent's ordinary remuneration and office allowance.

(a) Contribution to Gandhi Memorial Fund, Rs.1000/- was paid to the said Fund as great personalities like Babu Rajendra Parsad had requested the Indian public to contribute to the great cause to which the Fund was to be utilised. TheGovernment of India have exempted such contribution from income-tax. Because such contributions have been exempted from income-tax so this should be included in sub-clause XI of clause XVII of the Sixth schedule.

11. Interest on loans.-

(a) From the very inception of this company there is one creditor named Messrs. Alimahomed Habibulla & Co., from whom company purchased goods both for revenue and capital expenditure on credit basis. Interest on his account has always been debited to Net Revenue Account. Whenever the company was short of Funds it used to borrow loans from local persons and interest on this loan has always been debited to Net Revenue Account since 1939 onwards. The Government auditors have admitted this expenditure. This clearly shows that loans were for ancillary or incidental tdo the business of the Electric Supply. We would venture to state that if the loans were not borrowed perhaps the business of the Electric Supply would have come to a stand still.

11. Management expenses Pay of Establishment (Clerical).-
(a) The Firm M/s. Abdulkayum & Sons our Managing Agents consists of four brothers as partners. They are to supervise the work of the comapny in all aspects and to see that the work is done in proper manner. Managing Agents have not maintained our staff to do their work. All brothers execute office work pertaining to their office. The staff belongs to the company evenbefore the Managing Agents Firm Came into existance. viz 1943.

Management Expenses.- Now with regard to the Management expenses it appears that the Heading in our Revenue Account "Management Expenses" has been taken as Management and all expenses under our heading excluding audit fee have been objected to. The Management expenses are made up of as follows (1) Managing Agents remuneration.-this has not been included by us in the operating expenditure (2) Management.- This is made up of company's current expenses such as postage printing and stationary, contingency, Travelling allowance, Govt. Inspection fee, Telephone Bills and minor repair expenses which cannot be included either in Generation or in Distribution expenses. This expense shown under Management therefore deserves to be admitted. (3) General establishment. As already explained there is no staff maintained by the Managing Agents. The expenditure under this heading consists of the salaries of two clerks, Bill collectors, Watchman, Cashier etc. This staff is purely for the working of the company and has nothing to do with the Managing Agents.
The above explanation will, we hope, satisfy the Government and would allow the expenses. The office allowance shown by us should therefore be admitted.

(b) The reasons given in 11(a) will also apply to this items. The office allowance therefore should be admitted.
(c) No explanation is necessary.
(d) Our explanation in 11(a) would wipe out the difference.
(e) The Net loss of Rs.2,874-13-7 incurred during 1948-49 has to be accounted for the year 1949-50. This loss in the previous year is made good in the Net profit of the company for the year 1949-50 unless loss is wiped off the Net profit cannot be ascertained.
With regard to Gandhi Memorial Fund we have to state that this expense too has to be wiped off from the Net profit for the year 1949-50 as it is not an expense of capital Nature.
With regard to expenditure of Rs934-3-0 we are not able find out from our books to which particular expenditure you refer to. Please enlighten. In future the Service receipts will be taken as capital.
(f) We are not able to trace out from our books to what particular expenditure of Rs1,555-12-0 your refer to. Please enlighten. In future we will treat the service receipts as capital. The total amount drawn in excess therefore is eluminated.
(g) No staff by the Managing Agents is maintained. The concern is a small one and the Managing Agents themselves look after their office work.

12. Capital Base.-
(a)&(b) As already explained in 8(a) above, we have treated the excess depreciation amount as Fund No.I parallel to Contingency Reserve and as such our capital base is correct.
(c) The repairs to Furniture and Dead stock and replacement of Loose Tools being minor assets as charged to revenue instead of capital.

13. Clear Profit.-

(a) I.We are at loss to know why interest on loans is neither allowed as expense under revenue nor treated as capital expenditure. In this connection we would request you to refer to subclause 6(b) of clause XVII of the Sixth Schedule which admits inclusion of such interest to the capital for finding out the original cost. The Balance of interest would naturally go under the head of Net Revenue. So in calculating clear profits at least interest have been included under subclause 2(b)XI of clause XVII of the Sixth Schedule.

(a)II. The company has paid Mahatma Gandhi Memorial Fund and this has been approved by the General Body. So this this should also be treated as mentioned in 13(a)I above.

(a)III. With regard to difference in remuneration of the Mg.agents., we have already dealt with this subject in detai -l in the foregoing statements.

(a)IV. With regard to appropriation of this loss of Rs 2,875/-. We have given our explanation under 11(e).This loss should be allowed as special item under sub-clause 2(c)I clause XVII of the sixth schedule.

(b) This is noted for future Guidance.

14. Reasonable Returns.-

With regard to clear profits as calculated by your office , we have already explained our views in the foregoing paragraphs.

So the overall conclusions which we would draw from our explanations given above is that no question of appropreation of excess arises.

Bijapur,
Date.- 21st Nov.52.

22/NOV/1952
20-12-1952

MANAGER.
THE BIJAPUR ELECTRIC SUPPLY
CO; LTD; BIJAPUR.

THE.

BIJAPUR ELECTRIC SUPPLY CO. LTD:

MANAGING AGENTS
M|s. ABDULKAYUM & SONS
BIJAPUR.

Telephone No. 36

Ref. No. G.370 of 1952

BIJAPUR 20/12/1952.
M. S. M. RLY.

To,

The Assistant Secretary to the Government of Bombay,
Public Works Department.
Bombay.

Subject.- Accounts for the years 1947-48 and 1948-49.

.....

Sir,

We are submitting here under our reply to your extract paragraphs as per your letter No.400/48-EI. (I). dated 17th April 1950 and your letter No. LBP-1152K dated 24th September 1952.

.....

PREVIOUS AUDITS

2. Block Register of Assets.-

Ever since Electricity Act 1948 came into force we have been finding out the valuations of each Asset since 1936 particulary of plants of each Machine according to periods prescribed by the Government and written down values of each asset every year is shown. If this is not sufficient we will be glad to have the pafticulars of the Block Register from you with information as to how the colums should be fitted may please be sent at an early date.

3. Statement II.- Loan Capital.-

The interest at 9% is charged by our creditor since 1936. It would be impracticable now to request the creditor to reduce the rate of interest when once we have been committed to the rate of 9%. The Directors however are paid at 6% interest according to instruction from the Government. If the Government is prepared to offer us loan at a low rate we will be in a position to pay off the loans of the creditors and then only it will be beneficial to the consumers.

6. Statement.- IV.- Working expenses.

The rise in the cost of repairs and maintenance are due to the heavy expense incurred by us on heavy spares of the engines. This expense has been charged to revenue and hence the high cost of Maintenance. In the succeding years of accounts all such expenses have been capitalised. With regard to the rise in the cost per unit of Fuel, it is partly due to the higher cost of fuel and partly due to the fact that this city is not an industrialised place and engines have to run idle during day time. That means rates of income per unit derived and cost of Maintenance per unit is very low.

Yours faithfully,

MANAGER,
THE BIJAPUR ELECTRIC SUPPLY

77

THE BIJAPUR ELECTRIC SUPPLY Co. LTD:

Telephone No. 36

MANAGING AGENTS
M/s. ABDULKAYUM & SONS
BIJAPUR.

Ref. No. G- 369 of 1952

BIJAPUR 22 NOV 1952.
M. S. M. RLY. 20, Dec 1952

ORIGINAL

To,

The Assistant Secretary to the Government of Bombay,
Public Works Department,
Bombay.

Subject.- Accounts for the years ended
31st March 1950 and 31st March 1951.

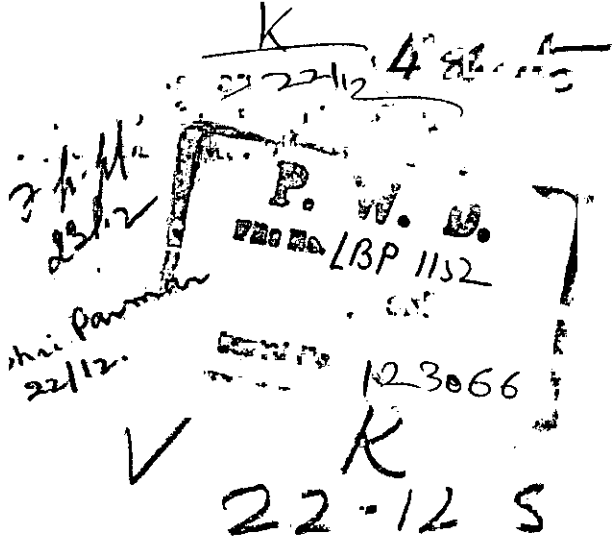
Sir,

We are enclosing our explanation to the extract paragraphs of the Audit report enclosed by you under your letter No.LBP 1152 K. dated 24th September 1952.

Yours faithfully,

Encl: one

MANAGER.
THE BIJAPUR ELECTRIC SUPPLY
CO: LTD: BIJAPUR.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22-12 S

LBP 1152
1230.66

K. Br.

B. 450.

Submitted with ref. to Q. R. dt the 24-9-52. — ff. 63

2. Copy of the Supply Co's reply to the above Q. R. may be forwarded to the Examiner, O. A. and the El. Engr. to Govt. for information and remarks if any. The necy. draft put up may issue if approved — ff. 81.

27/12/52

27/XII/52

A.S. (III).

Letter 81

No. LBP 1152 K

P. W. D.
B. C. (Bldg No. 1)
29th December 1952.

To
The Examiner, Outside, Audit Deptt.
A. G's office, Bombay. 1

Subject: Accounts of the Bijapur El. undertaking for the years ended 31-3-50 & 31-3-51

Ref. G. E. No. LBP 1152 K dt the 24th Sept 1952 — M. 69-64

2. I am directed to forward herewith M. 69-77 a copy of letter No G-369 b/1952, dt the 20th Dec 1952 with its accompaniment from the Bijapur El. Supply Co. Ltd. and to request you to forward your remarks thereon, if any, through the El. Engr to Govt.

By order etc.

D. A: to be dealt with M. 69 copy of letter with accts.

Asst Sect etc.
P. W. D.

M. 69-MM

Copy with a copy of letter with its acct. refd to above forwarded to the El. Engr to Govt in continuation of G. E. No LBP 1152 K dtd 24-9-52 to Govt:

The El. Engr should communicate his remarks in the matter along with the remarks of the Examr

O. A. D.

Send to Accts

27/12/52

Rs 291:—

Await
6/1/53 (5-2-53.)

89

THE BIJAPUR ELECTRIC SUPPLY Co. LTD;

TELE PHONE NO. 36

MANAGING AGENTS
M/s. ABDULKAYUM & SONS
BIJAPUR.

Ref. No. G-414 of 1952-53.

BIJAPUR _____ 1953
M. S. M. RY.
6th February

To,

The Assistant Secretary to the Government of Bombay,
Public Works Department, Secretariat, Fort, Bombay.

Subject :- Our Accounts for the year ended the 31st March 1950, 51, and 51.

.....

Sir,

M.69-77

In continuation of our letter No.G-369 of 20-12-1952 on the above subject, we request you to please let us know the date on which our representative should see you in connection with the clerification of some points on the above subject.

The date fixed by you may please be intimated to us and also to Shri. G.S.Abhyankar, B.A. L L. B., G.D.A. F.C.A., Advocate, 28-A. Soman Building., Near Kennedy Bridge, Bombay. 4. who has been authorised by us to represent our case.

Yours faithfully,

MANAGER.
THE BIJAPUR ELECTRIC SUPPLY
CO: LTD: BIJAPUR.

Copy forwarded with respects to the Deputy Secretary to the Government of Bombay, Public Works Department, for information. From the above it would be clear that our Accounts for the year ended the 31st March 1952 could not be completed till the extract paragraphs of the report of the Government for the previous two years are finally accepted. Our Audited - Statement of Accounts (I to Ix) and Balance sheet will be - completed by the beginning of March 1953.

2. Copy forwarded with respects to the Electrical Engineer to the Government of Bombay. P. W. D. for information.

3. Copy forwarded with respects to the Asstt.Examiner Outside Audit, Accountant.General's Office, Bombay, for information., with reference to his letter No.C A/16165 of 16-1-53 I to IX Statements of our Company's Accounts for the year ended 31st March 1952 are ready but they are still to be audited by our Company's Auditors. The same will be handed over to your Shri. S.K.Chaubal., Sr. Auditor of your Office; when he comes here for the Audit of our Accounts.

4. Copy forwarded with compliments to Shri. G.S. Abhyankar, 28-A. Soman Building, near Kennedy Bridge , Bombay.4 for information.

THE

BIJAPUR ELECTRIC SUPPLY Co. LTD;

TELE PHONE No. 36

MANAGING AGENTS
M/s. ABDULKAYUM & SONS
BIJAPUR.

Ref. No. G-414 of 195 2-53.

BIJAPUR _____ 195

M. S. M. RY. 6th February 1953.

To,

The Assistant Secretary to the Government of Bombay.,
Public Works Department, Secretariat, Fort, Bombay.

Subject.- Our Accounts for the year ended the 31st March 1950 & 1951.

.....

Sir

In continuation of our letter No.G-369 of 20-12-52 on the above subject, we request you to please let us know the date on which our representative should see you in connection with the clerification of some points on the above subject.

The date fixed by you may please be intimated to us and also to Shri. G.S.Abhyankar., B.A. L L., B., G.D.A., F.C.A., Advocate, 28-A. Soman Building., Near Kennedy Bridge, Bombay. 4., who has been authorised by us to represent our case.

Yours faithfully,

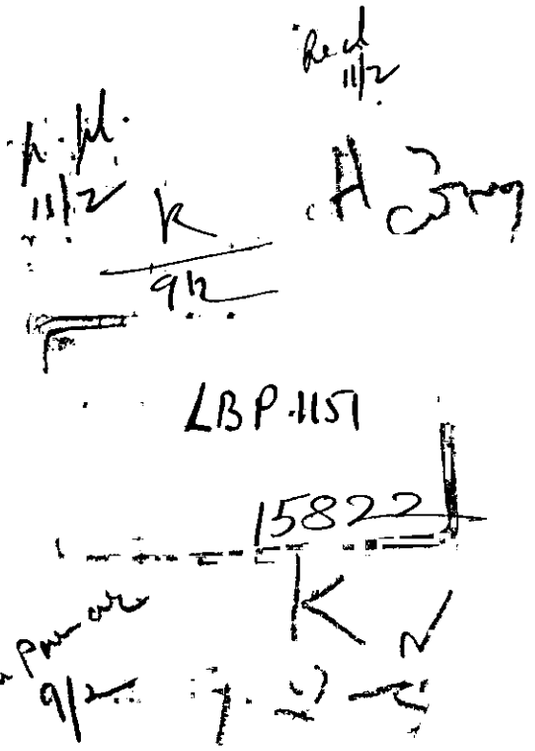
MANAGER
THE BIJAPUR ELECTRIC SUPPLY
CO; LTD; BIJAPUR.

Copy forwarded with respects to the Deputy Secretary to the Government of Bombay. Public Works Department., for information. From the above it would be clear that our Accounts for the year ended the 31st March 1952 could not be completed till the extract paragraphs of the report of the Government for the previous two years are finally accepted. Our Audit Statements of Accounts (I to IX) and Balance Sheet will be completed by the beginning of March 1953.

2. Copy forwarded with respects to the Electrical Engineer to the Government of Bombay, P. W. D. for information.

3. Copy forwarded with respects to the Assistant Examiner, Outside Audit, Accountant General's Office, Bombay for information, with reference to his letter No.CA/16165 of 16-1-53. I to IX Statements of our Company's Accounts for the year ended 31st March 1952 are ready but they are still to be audited by our Company's Auditors. The same will be handed over to your Shri. S.K. Chaubal., Sr. Auditor of your Office, when he comes here for the Audit of our Accounts.

4. Copy forwarded W. C. to Shri. G. S. Abhyankar., 28-A., Soman Building, Near Kennedy Bridge, Bombay. 4 for information.


LBP-1151
15822

87 LBP 1151/15822

P.W.D.

K.Br.

Submitted with a neg. draft for approval pl. 89-90

20/2/53

A.S. (IV)

No LBP 1151K 89 R.W.D.

B.C. (Bombay No. 1)

25 February 1953

To

The Manager,

The Bijapur Electric Supply Co. Ltd.,

Bijapur.

Subject: Accounts for the years ended 31-3-1950 and 31-3-1951

Sir,

I am directed to refer to the correspondence ending with your letter No. G-144 of 1952-53, dt. the 6th Feb. 1953, on the subject mentioned above and to state that your replies to various paras. of the audit report are under consideration of Govt. and your representative will be granted interview, if it is found necy., when the matter is...

is finally decided upon

90

Yours faithfully,

Asst. Secy etc.
P.W.D.

D.A.: Nil.

Copy forwarded for information to the E.O.A.D, Bombay.

2. Engineer, O.A. should expedite his reply to L.R. No. LBP/152K/1 dt. the 29-12-52.

20/2/52.

25/2

No.LBP 1151K.

Public Works Department,
Bombay Castle (Bombay No. 1),
25th February 1953.

From

The Assistant Secretary to the Government
of Bombay, Public Works Department.

To

The Manager,
The Bijapur Electric Supply Company Limited.
Bijapur.

Subject:- Accounts for the years ended
31st March 1950 and 31st
March 1951.

....

Sir,

I am directed to refer to the correspondence ending with your letter No.G-144, of 1952-53, dated the 6th February 1953, on the subject mentioned above and to state that your replies to various paragraphs of the audit report are under consideration of Government and your representative will be granted interview, if it is found necessary, when the matter is finally decided upon.

Yours faithfully,

3 Feb. O/C

Assistant Secretary to the Government of Bombay,
Public Works Department.

SDK.25/2/53.
-3.

D.A.-Nil.

Copy.....

Copy forwarded for information to the Examiner, Outside Audit Department, Bombay

2. Examiner, Outside Audit should expedite his reply to the Government Letter No.LBP 1152 K, dated the 29th December 1952.

27/2/53

THE BIJAPUR ELECTRIC SUPPLY CO. LTD.

Telephone No. 36,

MANAGING AGENTS
M/s. ABDULKAYUM & SONS
BIJAPUR.

Ref. No. G-437 of 1952-53.

BIJAPUR 21-2-53. 195
M. S. M. RLY.

To,

The Assistant Secretary to the Government of Bombay,
Public Works Department.

Sir,

We beg to invite your kind attention to our letter No G-414 of 6-2-1953 and request the favour of an early reply.

LBP 1151 P-85

Yours faithfully,

MANAGER.
THE BIJAPUR ELECTRIC SUPPLY CO. LTD.
BIJAPUR

LBP 1151
2/1911

94

K.Br.

P.W.D.

The Bijapur Electric Supply Coy. Ltd., has already been replied to vide Cct No: RBP 1151K, dated the 25-2-1953. Para 1.
2. The remarks of the Examiner, Outside Audit Deptt. are awaited in the matter. He has been expedited vide Endt. to the above mentioned letter. 1-40.

K.Br 4/3/53. Await.

Dept

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Await (25-3-53)

4/3

Sent (The O.N. is not complete without the connected papers)

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95 K.Br. P.W.D. 4/3

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P. W. D.
DO/LBP/1151

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95 - In Bra

No.OA/
To
The Asstt:Secretary to the Government of Bombay,
Public Works Department,Bombay,
Through the Electrical Engineer
with the Govt.of Bombay,
Bombay.

Subject:-Accounts of Bijapur Electric Undertaking for the years ended 31st March 1950 and 31st March 1951.
Ref:G.L.P.W.D.No.1152-K dated 29-12-1952.
Sir,

The following remarks are offered on the Company's reply to the above mentioned audit report.

(a)Para 2 of the A.R.for 1949-50 and 1950-51:-
~~(i)Para of A.R.for 1948 1947-48 and 1948-49~~Block Register:-

A copy of the Block Register prescribed in Govt.Circular P.W.D.No.2581-36.El(I) dt 28-2-44 may be forwarded to the Co.e and it may be asked to take necessary action to fill up the columns. If the Co.finds any difficulty the exact nature of the difficulties may be intimated to Govt. for their advice. The Company may also take the help of Govt.Auditor during local audit if necessary.

(ii)Loan Capital Para 3(b) ibid No remarks:
Para 4(b) of 1949-50 and 1950-51

(iii)Para 6(c) ibid:-The Co.has explained the reasons for the high cost of repairs and maintenance and has stated that expenses incurred on account of heavy spare of engine are being charged to capital in succeeding years. If the expenditure is for normal replacement the amount will have to be charged to Revenue.The amount can only be charged to capital if the revenue earning capacity of the engine is increased thereby. It also appears from the Company's reply to para 4(b) of A.R.for 1949-50 and 1950-51 that expenditure was capitalised as the spare parts mentioned above last for many years.The Electrical Engineer may state whether in view of the Company's explanation the debit to capital account can be accepted .If so the Company should note that in respect of such replacements the value of original spare parts /asset and also its depreciation should be removed from the capital account and fund account.The difference between the original value and the depreciation should be taken to a special account as required under para VII(1) of sixth schedule.As regards the procedure followed by Income Tax Deptt.this office is not in a position to verify the statement made by the Company.

(b)Para 6(b) of A.R.for 1949-50 and 1950-51:-
The Co.'s reply will be verified at next audit.

(c)Para 8(a) ibid:-Para VI(1) of sixth schedule lays down that depreciation upto 90% shall be provided after taking into account the sums already set aside or written off the books of the Undertaking viz. that if the excess is provided in the past this depreciation should be taken into account in arriving at future depreciation and unless the excess amount is kept in the fund it is not possible to give effect to the statutory regulation.The excess amount cannot,therefore,be treated as parallel to contingency reserve.In view of this the Company may be asked to credit the excess amount back to the fund and revise the calculations of depreciation.

(d)Para 11(a)&(b) ibid:-The points for consideration is that the expenditure is not ancillary or incidental to the business of the electricity supply vide para XVII(2)(b)(xi) of sixth schedule as stated by the Company that the donations are not taken into account for Income Tax both the conditions of para XVII(2)(b)(xi) are not satisfied and hence the same cannot form part of operating expenditure.

Creditors are corresponding interest on

As regards interest on loans it may be stated that the payments of interest on loans for otherwise loans would-

would have to be obtained for payments to these creditors.The loans and advances are used for the purchase of fixed assets floating assets and working capital, stores on which a reasonable return of 5% through the capital base vide para XVII (1)&(9) of sixth schedule. It would,therefore,not be correct to include the amount of interest again for operating expenditure. As regards the point that the Govt.Auditors have admitted this expenditure it may be stated that there is no statutory regula-tions under which the expenditure could be objected to in the past.The amount was,however,being invariably omitted by this office from the calculations of working results prescribed under the Advisory Committee's Report.

The management expenses have not been excluded from the calculation of clear profit.They have been included under Management for purposes of clear profit capital base etc.As regards Management expenses it may be stated that this item of postage and printing stationery cannot be admitted as they are items of expenditure which have been incurred on Management. Govt.may consider whether this expenditure can be included under other expenses.The item of General Establishment charges have been included for clear profit but not for purposes of Managing agents' office allowance in view of the fact that they form part of Management. If the expenditure had anything to do with the Managing Agents,this office would have ordered recovery of the entire amount spent on this account.

(e)Para 11(c) No remarks.

(f)Para 11(d) In this connection please see further remarks against para 11(a)(b) ibid.

(g)Para11(e):-The item of Gandhi Memorial Fund has been omitted as it is not a usual working charge. Loss of previous years has been excluded as there is no provision in the definition of "Net Profit" for including the same.

The item of Rs.934-3-0 represents the office allowance calculated by this office vide para 11(a) of A.R.for 1949-50 and 1950-51.

(h)Para 11(f) The item of Rs 1555-12-0 is arrived as under:-

	Rs.
Office allowance on Operating Expenditure as calculated by this office	1172- 2-0
Office allowance on capital expenditure as that calculated by the Co.	383-10-0
	1555-12-0

As regards the value of service connection Receipts the Co.should be asked to carry out the necessary adjustments in respect of the years 1949-50 and 1950-51 as required under para XII of sixth schedule.

(i)Para 11(h):The Co.'s reply will be verified at next audit.

(j)Para 12(a)(b):-In view of the remarks against para 8(a) ibid the excess depreciation has been correctly excluded.

(k)Para 12(c):-This office had only objected to the non inclusion by the Co. of the original value of furniture and dead stock in the capital base.The Co.may be asked to follow the correct procedure.In respect of tools the Company may be asked not to charge depreciation and to work out the monthly closing balances as in the case of stores.

(l)Para 13(a):-

Under para XVII(6) (b) of sixth schedule interest on loans used for the purchase of asset upto the date of bringing into use can be capitalised presumably because the assets do not earn profit prior to being brought into use,When the asset is brought into use it begins to earn profit and thereby reasonable return.Hence the amount of interest will have to be met from the Reasonable Return.It may also be pointed out that the rate of interest is restricted under para XVII(6)(b) of sixth schedule.

As regards the exclusion of contributions to Mahatma Fund and difference in the Managing Agent's remuneration remarks in the previous paras may be seen.

The item of loss of previous years has been excluded as the same is due to the payment of interest on loans and advances which cannot be considered to be expenditure under para XVII(2)(b) .Hence the amount has been excluded inview of the fact tha the excess of expenditure over income referred to in para XVII(2)(c)(i) of the sixth schedule means expenditure under para XVII(2)(b) and incmme under para XVII(2)(a).

(m)Para 13(b):-The Co.should also carry out the necessary adjustments in respect of service connections Receipts for the years 1949-50 and 1950-51.

(n)Para 14:- In view of the reasons explained above the Co.may be asked for the reserves referred to in this para.

Yours faithfully,

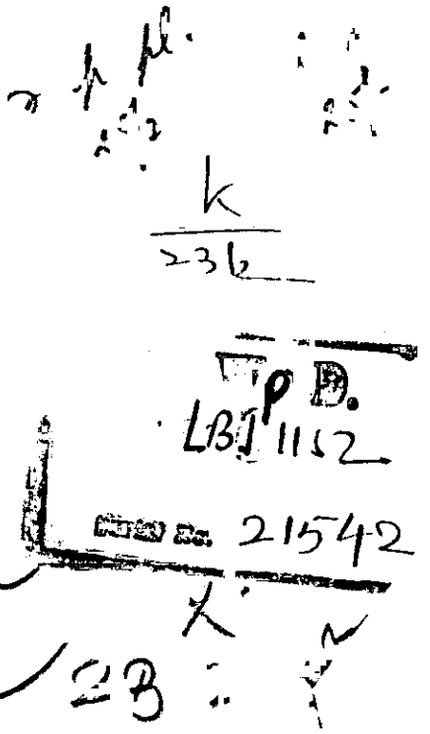
sd/- (S.R. NATHAN)
Asstt:Examiner,Outside Audit

No. OA/1845 dt. 21 Feb. 1953

Copyforwarded to the Asstt: Secretary to the Govt.of Bombay,P.W.D.,for informati n.

PR Iyer

Asstt EXAMINER OUTSIDE AUDIT.
ACCOUNTANT GENERAL'S OFFICE. BOMBAY
19/2/63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No. L.A.8/ 18370 of 1952-53.
P.W.D.Offices, Churchgate Street,
Fort, Bombay(1) 7th March 1953.

To

The Chief Engineer, (Roads and Buildings)
Public Works Department, Bombay.

Re:- Accounts of the Bijapur Electrical Undertaking for the years ended 31-3-1950 and 31-3-1951.

Nil 95-99

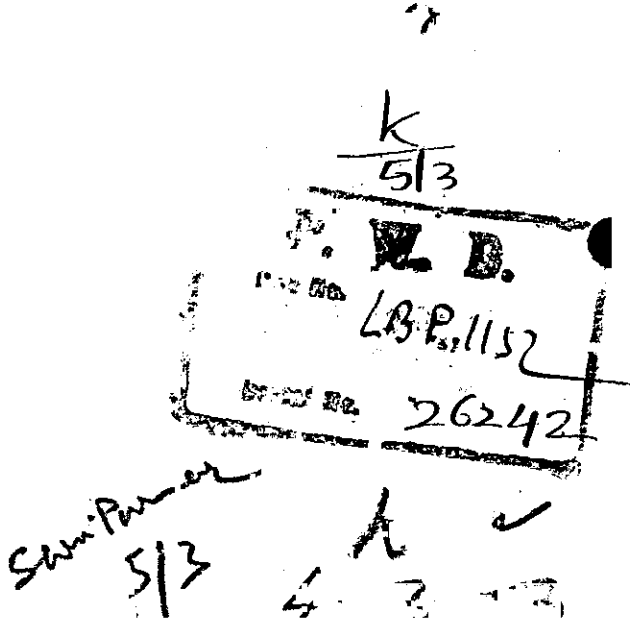
Reference: Letter No.O.A/18424 dated the 21st February 1953 from the Examiner, Outside Audit Department, Bombay, addressed to the Assistant Secretary to Government, Public Works Department, Bombay.

2. I agree to the remarks of the Examiner on the replies of the Supply Company on the various paras.of the audit report, and request that action may be taken as proposed by the Examiner.

1.3 3. As regards para.6(c) of the previous audit report and para. 4(b) of the audit report for 1949-50 and 1950-51, the explanation of the Company seems to be acceptable. The Company should, however be informed that in respect of such replacements, the value of the original spare parts and assets and the depreciation thereon should be removed from the Capital Account and fund account, and the difference between the original value and the depreciation should be taken to a special account, as required under para.VII(1) of the Sixth Schedule.

Electrical Engineer to Govt.

P/3/3.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105

LBP 1152/26242

P.W.D.

X.Br.

Submitted with ref. to 4.2. dt. the 29-12-1952 ~~A~~-81

2. Pl. see the remarks of the E.O.A and El. Engr. to Govt. within. In view thereof the Supply Co. may be addressed. as per draft put up for approval. Pl. 95-99 Pl. 105-108

14/3/53

14/3/53

A.S. (II)

LBP 1152/26242

105

P.W.D.

X.Br.

Submitted with ref. to 4.d. dt. the 29-12-1952 ~~L~~ 81

2. Pl. see the remarks of the E.O.I and El. Engr. to Govt. within. In view thereof the Supply Co. may be addressed. as per draft put up for approval. ~~M~~ 95-99 ~~M~~ 105-108

14/3/53

14/3/53

A.S. (II)

105

No. LBP 1152-K.

P.W.D.
B. C. (Bombay No. 1),
17th March 1953.

To

The Manager,
The Bijapur El. Supply Co. Ltd.,
Bijapur, M.S.M. Rly.

Subject:- Accounts for the years ended 31.3.1950 and 31.3.1951.

Sir,

I am directed to refer to the correspondence resting with your letter No. G-369 of 1952, dated the 20th Dec. 1952, on the subject mentioned above and to observe as under:

2. Para 2 of the audit report for 1949-50 and 1950-51:

I am to forward herewith a copy of the form prescribed in Govt. Circular No. 2581-36-El(1) dt. the 28.2.1944 and to request you to maintain the Block register accordingly and take necessary action to fill up the columns. If you find any difficulties the exact nature of such difficulties may be intimated to Govt. for advice. In this connection I am to state further that you can also take the help of Govt. Auditor during local audit if necessary.

Ex Slip 'A' left below

3. Para (6(c) of the Previous Audit) 4(b) of 1949-50 and 1950-51: In this connection I am to state that Govt. is pleased to accept the explanation given by you. You are however, requested to note that in respect of such replacements, the value of the original spare parts and asset and the depreciation thereon should be removed from the capital account and fund account, and the difference between the original value and the depreciation should be taken to a special account as required under para VII(1) of Sixth Schedule.

4. Para 8(a): Para VI(1) of Sixth Schedule lays down that the depreciation upto 90% shall be provided after taking into account the sums already set aside or written off in the books of Undertaking viz. that of excess is provided in the past this depreciation should be taken into account in arriving at future depreciation and unless excess amount is kept in the fund it is not possible give effect to the statutory regulation. The amount

cannot, therefore, be treated as parallel to contingency reserve. In view of this you are requested to credit the excess amount back to the fund and revise the calculation of depreciation. 1.5

5. Para 11(a) & (b): The points for consideration is that the expenditure is not ancillary or incidental to the business of ely. supply vide para XVII (1)(b)(xi) of Sixth Schedule. As stated by you the donations are not taken into account for Income-tax, both the conditions of para XVII(1)(b)(xi) are not satisfied and hence the same cannot form part of operating expenditure.

As regards interest on loans I am to state that the payments of interest on creditors due correspond to interest on loans for otherwise loans would have to be obtained for payments to these creditors. The loans and advances are used for the purpose of fixed assets, floating assets and working capital and stores on which a reasonable return of 5% is given through the capital base vide para XVII (1) & (9) of Sixth Schedule. It would, therefore, not be correct to include the amount of interest again for operating expenditure. As regards the point that the Govt. Auditors have admitted this expenditure I am to state that there were no statutory regulations under which the expenditure could be objected to in the past. The amount was, however, being invariably omitted by Govt. Auditors from the calculations of working results. * The management expenses have not been excluded from the calculation of clear profit. They have been included under Management for purposes of clear profit, capital base etc. As regards Management expenses I am to state that the item of postage and printing stationery cannot be admitted as they are items of expenditure which have been incurred on management. The item of General Establishment charges have been included for clear profit but not for purposes of Mg. Agents' office allowance in view of the fact that they form part of Management. 1.5

* M. Explain this as sub-para.

6. Para 11(d): Please refer to the remarks against para 11(a)(b).

7.....

7. Para 11(e): The item of Gandhi Memorial Fund has been omitted as it is not a usual working charge. Loss of previous year has been excluded as there is no provision in the definition of "Net Profit" for including the same.

The item of Rs. 934-3-0 represents the office allowance calculated by the E.O.A.D. vide para 11(a) of audit report for 1949-50 and 1950-51.

8. Para 11(f): The item of Rs. 1555-12-0 is arrived as under:-

	Rs.	As.	Ps.
Office allowance on operating expenditure as calculated by the Govt. Auditor	1172	- 2	- 0
Office allowance on capital expenditure same as that calculated by you	383	- 10	- 0
	1555	- 12	- 0

As regards the value of service connection Receipts you are requested to carry out the necessary adjustments in respect of the years 1949-50 and 1950-51 as reqd. under para XII of Sixth Schedule.

9. Para 12(a)(b): In view of the remarks against para 8(a) the excess depreciation has been correctly excluded.

10. Para 12(c): The Govt. Auditors had only objected to the non inclusion by you of the original value of furniture and dead stock in the capital base. In respect of tools I am to request you not to charge depreciation and to work out the monthly closing balances as in the case of stores.

11. Para 13(a): Under para XVII(6)(b) of Sixth Schedule interest on loans used for the purchase of asset upto the date of budging into use can be capitalised presumbly because the assets do not earn profit prior to being brought into use. When the asset is brought in to use it begins to earn profit and thereby reasonab return. Hence the amount of interest will have to be m from the Reasonable Return. I am also to point out

the.....

that the rate of interest is restricted under para XVII(6)(b) of Sixth Schedule.

As regards the exclusion of contributions to Mahatma Gandhi Memorial Fund and difference in the Mg. Agent's remuneration ~~on~~ please see the remarks in the previous paras.

The item of loss of previous years has been excluded as the same is due to the payment of interest on loans and advances which cannot be considered to be expenditure under para XVII(2)(b). Hence the amount has been excluded in view of the fact that the excess of expenditure refd. to in para XVII(2)(c) of the Sixth Schedule means expenditure under para XVII(2)(b) and income under para XVII(2)(a).

12. Para 13(b): You are requested to carry out the necessary adjustments in respect of service connections Receipts for the years 1949-50 and 1950-51.

13. Para 14: In view of the reasons explained above you are requested to provide for the reserves refd. to in this para.

Yours faithfully,

Asstt. Secy. to Government of Bombay,
P. W. D.

Copy forwarded to

the E., O.A.D., B'bay, with ref. to his letter No. OA/18425, dt. the 21.2.1953,

the El. Engr., to Govt. with ref. to his letter No. L.A. 8/18570, dt. the 4.3.1953.

S.G./11-3-53.

No.LBP 11__ --

Public Works Department,
Bombay Castle (Bombay No.1),
17th March 1953.

From

The Assistant Secretary to the Government of Bombay,
Public Works Department.

To

The Manager,
The Bijapur Electric Supply Company Limited,
Bijapur, M.S.M. Railway.

Subject: Accounts for the years ended
31st March 1950 and 31st March 1951.

...

Sir,

I am directed to refer to the correspondence resting with your letter No. G-369 of 1952, dated the 20th December 1952, on the subject mentioned above and to observe as under:

2. Paragraph 2 of the audit report for 1949-50 and 1950-51:

I am to forward herewith a copy of the form prescribed in Government Circular No.2581-36-El(1), dated the 28th February 1944 and to request you to maintain the Block register accordingly and take necessary action to fill up the columns. If you find any difficulties the exact nature of such difficulties may be intimated to Government for advice. In this connection I am to state further that you can also take the help of Government Auditor during local audit if necessary.

3. Para(6(c) of the Previous Audit) 4(b) of 1949-50 and 1950-51:

In this connection I am to state that Government is pleased to accept the explanation given by you. You are, however, requested to note that in respect of such replacements, the value of the original spare parts and assets and the depreciation thereon should be removed from the capital account and fund account and the difference between the original value and the depreciation should be taken to a special account as required under paragraph VII(i) of the Sixth Schedule.

4. Para 8 (a):

Paragraph VI(1) of Sixth Schedule lays down that the depreciation upto 90% shall be provided after taking into account the sums already set aside or written of in the books of Undertaking viz., that of excess is provided in the past this depreciation should be taken into account in arriving at future depreciation and unless this excess amount is kept in the fund it is not possible to give effect to the statutory regulation. The excess amount cannot, therefore, be treated as paralleles to contingency reserve. In view of this you are requested to credit the excess amount back to the fund and revise the calculation of depreciation.

5. Paragraph 11(a) and (b):

The points for consideration is that the expenditure is not ancillary or incidental to the business of electricity supply vide paragraph XVII (2)(b)(xi) of Sixth Schedule

Schedule. As stated by you the donations are not ta[illegible] into account for Income-tax, both the conditions of pr[illegible] graph XVII(2)(b)(xi) are not satisfied and hence the same cannot form part of operating expenditure.

As regards interest on loans I am to state that th[illegible] payments of interest on creditors due correspond to in[illegible]st on loans for otherwise loans would have to be obtained to payments to these creditors. The loans and advances are used for the purpose of fixed assets, floating assets and working capital and stores on which a reasonable return of 5% mf is given through the capital base vide paragraph XVII (1) and (9) of Sixth Schedule. It would, therefore, not be correct to include the amount of interest again for operating expenditure. As regards the point that the Government Auditors have admitted this expenditure I am to state that there were no statutory regulations under which the expenditure could be objected to in the past. The amount was, however, being invariably omitted by Government Auditors from the calculations of working results.

The management expenses have not been excluded from the calculation of clear profit. They have been included under Management for purposes of clear profit, capital base etc. As regards Management expenses I am to state that the item of postage and printing stationery cannot be admitted as they are items of expenditure which have been incurred on management. The item of General Establishment charges have been included for clear profit but not for purposes of Managing Agents' office allowance in view of the fact that they form part of Management.

6. Paragraph 11(d) :

Please refer to the remarks against paragraph 11(a)(b).

7. Paragraph 11(e):

The item of Gandhi Memorial Fund has been omitted as it is not a usual working charge. Loss of previous year has been excluded as there is no provision in the definition of "Net Profit" for including the same.

The item of Rs.934-3-0 represents the office allowance calculated by the Examiner, Outside Audit Department vide paragraph 11 (a) of audit report for 1949-50 and 1950-51.

8. Paragraph 11 (f):

The item of Rs.1,555-12-0 is arrived as under:-

Office allowance on operating expenditure as calculated by the Government Auditor. Rs.1,172--3

Office allowance on capital expenditure same as that calculated by you. Rs.

As regards the value of s[illegible] you are requested to carry out the [illegible] respect of the years 1949-50 and 195[illegible] paragraph XII of Sixth Schedule.

9. Paragraph 12 (a)(b):

In view of the

excess depreciation has been correctly excluded.

10. Paragraph 12(c): The Government Auditors had only objected to the non inclusion by you of the original value of furniture and dead stock in the capital base. In respect of tools I am to request you not to charge depreciation and to work out the monthly closing balances as in the case of stores.

11. Paragraph 12(a): Under paragraph XVII(6)(b) of Sixth Schedule interest on loans used for the purposes of asset upto the date of budging into use can be capitalised presumably because the assets do not earn profit prior to being brought into use. When the asset is brought in to use it begins to earn profit and thereby reasonable return. Hence the amount of interest will have to be met from the Reasonable Return. I am also to point out that the rate of interest is restricted under paragraph XVII(6)(b) of Sixth Schedule.

As regards the exclusion of contributions to Mahatma Gandhi Memorial Fund and difference in the Managing Agent's remuneration please see the remarks in the previous paragraphs.

The item of loans of previous years has been excluded as the same is due to the payment of interest on loans and advances which cannot be considered to be expenditure under paragraph XVII(2)(b). Hence the amount has been excluded in view of the fact that the excess of expenditure referred to in paragraph XVII(2)(c) of the Sixth Schedule means expenditure under paragraph XVII(2)(b) and income under paragraph XVII(2)(a).

12. Paragraph 12(b): You are requested to carry out the necessary adjustments in respect of service connections Receipts for the years 1949-50 and 1950-51.

13. Paragraph 14: In view of the reasons explained above you are requested to provide for the reserves referred to in this paragraph.

Yours faithfully,

4 11/3 O/C

Assistant Secretary to the Government of Bombay,
Public Works Department.

D.A.-A copy of Govt.
Circular No.2591/36-EL.

:5:
AQ/17.3.

18/3

Copy forwarded to -

the Examiner, Outside Audit Department, with reference to his letter No.OA/18425, dated the 21st February 1953,
the Electrical Engineer to Government, with reference to his letter No.L.A.8/18570, dated the 4th March 1953.

Accounts
19/3/53

Annexure-B
293

121

THE BIJAPUR ELECTRIC SUPPLY Co. LTD;

TELE PHONE NO. 36

MANAGING AGENTS
M/s: ABDULKAYUM & SONS
BIJAPUR.

Ref No. 9/1463 of 1953.

BIJAPUR 12th March 1953.

To,

The Assistant Secretary to the Government
of Bomaby, Public Works Department,
Bombay

Subject.- Our accounts for the year ended 31st March 1950 and 31st March 1951.

.....

Sir,

109-113

We are in receipt of letter No.LBP 1151 K.of 25th Feb 1953 and have noted the contents.

114-117

In continuation of our explanation given under our letter No.G-369 of 20-12-52 we are enclosing for your kind consideration the copies of the opinions of eminent lawyers which the Association of Electrical Undertakings had sought on the subject of Interest on loans, and office allowance.

We are the members of the Association of Electrical Undertakings and opinions of the speceialists sought by the Association were also sent to us for our Guidance.

115

Enclosure No.I pertains to the opinion of Shri Alladi Krishnaswami Aiyar on the subject interest on loans under clause XVII(2)(b)(XI).Last para not applicable.

117

Enclosure No.II is an extract from the Draft of the Electricity (supply)Amendment bill 1951 for amending the exclusion of interest on lo ans under clause XVII (2) (b)(XI).The Government itself is of opinions that the wording of the present clause is ambiguous and requires amendment.

We are of opinion that so long as the ambiguity exists the advantage of the ambuguity should be given to the company.

117

Enclosure No.III is a copy of the opinions of Messrs. M.C.Setalvad and A.Krishnaswami Aiyaron the subject of office allowance.

We are of opinion that if the opinion of the above eminent personalities are taken into consideration by the Government.Our explanation on item 11 and 13 would hold good.

In addition to the opinions of the eminent personaliti -es ,we beg to give here below further elucidation on the subject of allowing of Ineterst on loans.

(1) 117-9 Interst on loans contains interst paid to creditor Messrs.Alimahomed Habibulla & Co.Bombay and interst on temperory loan.Interst on temperory is being paid since 1948 whereas the interest to the creditor is hereby paid since the very inception of the comapny.Theinterest paid to the creditor during 1949-50 and 1950-51 is Rs.4,787-15-6 and 5495-1-0 respectively.Out of the total interest of Rs. 7,520-12-6and Rs.7478-13-3.

(2) The interest on loans is admitted by the Indian Companies Act under section 87(c).The Income-tax admits this as expenditure.We are of opinion that the Indian Electricity

THE
BIJAPUR ELECTRIC SUPPLY Co. LTD;
MANAGING AGENTS
M/s. ABDULKAYUM & SONS
BIJAPUR.

TELE PHONE NO. 36

Ref. No. of 195

BIJAPUR 12th March 1953.
M. S. M. Ry.

To,

Continued.

Act 1948 should not conflict with the other acts ~~xxx~~ mentioned as in that case maintanence of accounts would be ~~xxx~~ very difficult in as much as seperate accounts would be required to be mainted one as per I.E.Act 1948 and other for the I.C. Act. In order to avoid this ambiguity the interest on loans may please beallowed.

Yours faithfully,

MANAGER;
THE BIJAPUR ELECTRIC SUPPLY
CO; LTD; BIJAPUR.

1) C.f.w.c. to the Examiner outside Audit, Bombay.

2) c.f.w.c. to the Electrical Engineer to the Govt. of Bombay.

.....

J. M. M. A.C.a
25/3 26/3

K 35 Sheets.
24/3

P. W. D.
File No. LBP 1151
Serial No. 34352

Sanction 25/3 26-3-53

12.5 LBP 1151/3432

K.Bs. P.W.D.

Submitted with ref. to q.c. dt. the 17-3-1953 Pp. 109-113.

Pp 115

2. It. see the supply Co's letter within. The remarks of the E.O.A.D. & the Chl. Engr. to Govt. in the matter may be called for as Ker. draft put up for approval. Pp. 127

31/3/53.

31/3/53

A.S. (III)

No. LBP 11518 ~~Letter~~ M-127 P. W. D.

B. C. (B'bay No. 1)

1st April 1953

To

The Examiner, Outside Audit Deptt.,
Bombay.

Sub.: Accounts of the Bijapur Ely. Undertaking for the years ended 31-3-1952 and 31-3-1953

Ref.: G. E. M-109-113 No. LBP 11518, dt. the 17th March 1953.

I am directed to forward herewith a copy of letter No. G/463 of 1953 M-121-123 dt. the 12th March 1953. together with M-115-119 enclosures from the Managers, the Bijapur El. Supply Co. Ltd., and to request you to forward your remarks thereon, if any, through the El. Engr. to Govt.

By order etc.

Asst. Secy. to
P. W. D.

D. A.: X M-121-123. Copy of letter with M-115-119 enclts. (Accts. to be returned ll.).

X only letter to be typed.

Copy with a copy of the Supply Co's M-121-123 letter refd. to above forwarded to the El. Engr. to Govt. with ~~ref. to his letter~~ in continuation of G. E. No. LBP 11518, dt. the M-109-113 17-3-1953.

The El. Engr. should forward his remarks in the matter on receipt of the remarks from the E. O. A. D.

31/3/53

ISSUED with accts. 2-4-53

31/3/53

Annex (4-5-53)
4/4

No.M/G/121 of 1953-54
Bijapur, 1953.
9th April 1953

From:
The Bijapur Electric Supply Co. Ltd.,
BIJAPUR, KARNATAK.

To
The Assistant Secretary to The Government of Bombay,
Public Works Department.

AA 109-113.

Sub: Explanation to your letter No. LBP 1152 K dated 17th March 1953 regarding the Accounts for the years ended 31st March and 31st March 1950 & 1951

Sir,

The accounts ending on 31-3-1950 & 51 have been audited by the Governments Auditors. During the course of audit the Auditors informed us that the Electricity Act of 1948, being a new one we will calculate the clear profit according to our interpretation and when the objections are received by the Co., the Co. should explain the objection so that the leagal opinion will be sought for and intimated to you. Under this presumption we explained all the objections as per the principles of accountancy without taking the leagal opinion into consideration. But to our surprise the contents of your letter No. LBP 1152 K dated 17th (ultimo) March 1953 does not contain leagal explanation strengthening the points of Auditors or refuting our answers by law. And also no interview is granted as per your letter No. 1151 K dated 25th February 1952. It would have been great obligation if interview was granted to us to clear the objection before our answers are refuted. Hence we try to explain as under:-

Answer to Para VI (c) : The value of the whole asset including dynamo is the full value of the asset hence the life sanctioned by Government is of the whole asset. Moreover the values of the parts i.e., head, liner, piston, crank shaft, base plate, bed plate, the body, fly wheel etc., cannot be found out separately. The life of all parts if considered separately, vary each other. So it is impossible & impractivable to depriciate each part separately. Our contention is that the replacement of head, liner, piston etc,, will increase the life & efficiency of the machine. So the amount spent on heavy replacements will have to be charged to the asset account. If the replacements are not made the life & efficiency of the machi-

Continued

machinewill be curtailed and the whole asset will have to be scrapped out. and new machine will have to erected, in its place which is not economical. So our additions for those years are to be treated as Capital additions.

Paragraph 8(a) M 3-5 Our Co. follows Straight Line method of depriciation as per 2nd para of Section VI (i) of VI Schedule of Electric Supply Act 1948. In this system the following sentanee " after - taking into account the sum already set aside or written off in the books of the undertaking etc.," is exkluded. Unless the Act is - enacted and the above sentense is included in the II para it cannot be forced upon us.

Para 5. 11 (a) & (b) II para: M 5

The loan borrowed is in a lump sum, while the amount of the creditors will increase and decrease day to day. The interest on creditiors will be calculated on daily balances. So the interest on loans and creditors cannot be mingled with each other.

As per your interpretation we have not yet borrowed any loan to pay off the creditors. But the payment is mad from the revenue receipts during the period of audit, which may be varified from the records of the Co., if needed. Major portion of the Creditors amount is utilised for revenue purposed therefore th interest on creditors will have to be charged to revenue.

The Government now and then is compelling the Licencee to do this & that and not the loan- holders, this - alone shows that the Loan holders are not part afid partial of the Licensee. Under VI Schedule clause 1 of Electricity Act 1948, the reasonable return is the property of the Licensee only. So the - contents of the auditor, to set off interest on loan efrom reasonab -e return is contradictory to the above mentioned clause. So the interest on loan will have to be included under clause XVII(2)(b) (xi) of VI Sechedule of 1948 Electricity Supply Act .

The Legislature having interms permitted the undertaking to raise a loan from soucres other than the Board (Vide: section 23 (2) and Schedule I I(d)(2), and it being So the interest on loans willhave to be admitted.

Our explaination why we have included the interest under XVII(2)(b)(xi)(a) is that ours being a limited Co., our accounts are to be governed by the Indian Company Act 1913 and we are also preparing the accounts as per the Indian Electricity Rules 1937viz., annexture V which contains the prescribed forms in

in which we will have to submitaccount. As the Electricity Supply Act 1948, the VI Schedule does not contain any proforma forms con-taining the modified forms to be used instead of the annexture V of The Indian Electricity Rule 1937, we are of opinion that annex-ture V still holds good.

1 In the Company Act in Section 87C(3) there the definition of Net Profit is given which admits interest as expenses to be deducted from revenue to calculate net profits .

2 The statement No.V in the Annexture V of the Indian Elec-tricity Rules 1937, allows two kind of interest :

1) Interest on mortgages and bonds accrued to date. Interest on Loan advanced by Board under VI Schedule xvii (2)(b)(iv) of The Electricity Act 1948 corresponds to Interest on Mortgages and bonds etc., In case the Licensee goes into liquidation the Liquidator will have to sell the mortgaged assets to pay off the loan holder on mortgage. The remaining amount will have to be paid to other creditors. From this it is clear that the assets to the extent of morggaged property is not the property of the Licensee. So this only has been deducted from the capital base under VI Schedule VII (1) of The Electricity Act 1948.

2) The interest on temporary loans accrued to date:

In this case of other loan accounts, while the liquidati-tion is proceeding they are eligible to get their amount after paying off all the preferencil creditors and all - expenses. This itself shows that the ordinary loan holders have no claim on the fixed assets directly. So this loan is not shown as deduction under VII (1) of The Electricty Act 1948. As the interest is allowed in the V Statements of the Annextures V of the Electricity Rule 1937. So this interest must be under xvii (2)(b)(xi) of the Indian Electricy Act 1948.

The Indian Income-Tax Act, Section 10, sub Section (2) clause (III) reads as under:

" Interest on borrowed Capital : This clause makes an allowance in respect of Interest paid on capital borrowed for the purpose of the business or Profession or vocation. But if the a alledged borrowing is actually an illusory and colourable transac-tion, the assessee cannot be allowed the benefit of this clause.

135

From the above section it is clear that the Income Tax Authorities will have to satisfy themselves before allowing interest If the loans are not for purposes of the Electricial undertaking they would not have allowed the interest for the years 1950 & 1951. As they have allowed the interest for those years the interest to be treated for the purpose of Electrical undertaking and is insident -al to the electrical undertakings.

From all the explanation given above we hope that the - interest for those years must be included under the VI Schedule xvii (2)(b)(xi) of the Electricity Act 1948.

The Government Auditors have neither given any reason nor any - irregularity, they found, during the course of their audit to treat the whole interest not ancillary and incidental to the business: If after going through the above explanation, Government Auditors still holds the interest is not incidental and ancillary to business of electricity supply the burden of proving the same, from their - records or quoting sections where there is clear provision disallow -ing interest on borrowed loan, lies upon them.

11 (a)(b) III para: Clause xvii (2)(b)(ix) of The Electricity Act 1948 VI Schedule " Management including Managing Agent's Remuneration as provided for in para XIII " does not include the General Establi-shment charges which is allowed under the Heading Management of (IV Statement of Annexture V of The Indian Electricity Rules 1937. So the item of General Expenditure will have to be included in distr -bution charges. The Government Auditors for 1952, raised the objec -tion - that the firm of Managing Agents , without any staff members cannot superwise the affairs of the Company and get their remunera-tion- To which we explained orally and from the records of the Co. that the remuneration of the manager, a partner of the firm of the Managing Agents, has been disallowed by the Co, for the last three years. This clearly shows that other expenses includes the expense of the staff of the Co. alone. Up to this time salary for distri-buting energy was split up into 2 parts i.e., (1) Engineering staff and (2) Clerical Staff. The first item was shown under the Head - Distribution and the second item was shown under the Head General Establishment. As both the staff members are used for distribution

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the General Establishment Charges will have to be included under the Head Distribution as per section XVII(2)(b)(ii) of VI Schedule of the Electricity Act 1948. Moreover the offices of the Firm of Managing Agents and the office of the Electrict Supply Co. are - situated in separate wards of the same City. So the Co.'s staff is not all concerned with that of the Managing Agents'.

OBJECTION 8- Paragraph 11(f): As per the two judgements i.e, In the Income Tax Appellettee Tribunal Calcutta- M/S Cawnpore Electri--city Seupply Corporation Ltd., Vs Income Taz Officer, Section M.E. P.T. Circle Cawnpore I.T.A.No 1065 of 1949-50 and Sharanpur Electri Supply Co.Vs. The Commissioner of Income Tax Cawnpore- copy of the Appallette order of 27-6-1951-- the service received has been treat-ed as Revenue Receipts. So we have taken the Service Received as a Revenue receipt for 1949-50- & 1950-51. Hence we request you to intimate the High Court Ruling regarding the above matter to treat service Receipt as Capital Receipts before 31-3-1951, to enable us to enquire into the matter with the Law Member for Income Tax Bomba; and to transfer the items from Revenue to Capital. The Company has already income tax on Service Receipts. Hence the request.

9 PARAGRAPH 12(a) & (b): The reply to 8 (a) may please be referred to in this matter.

10 PARAGRAPH 12 (c): The furnitures are taken over by the old - Licensee in the year 1936, and some additions are made there after. If deprciation on Furntire is calculated the value will be drecreas to below 10%. So it is not taken in-to Capital base. Other Dead-Stocks are empty drums etc. So deprication cannot be calculated and and so not included in the Capital base.

11P ARAGRAPH 12(a): This new Act of 1948- applies to the Co, for the year ending 31st March 1950 and onwards. So the clauses you-have referred to, won't be applicable for the previous years i.e, before the Act came into force. The Government Auditors for 1949 have accepted the accounts- loss also-. The same is written off during the year ending 31-3-1950. And as per Section XVII (2)(c)(i) previous losses are allowed- hence you are also requested to allow the same.

EXPLANATION FOR XI(a)(b)(e) & XIII (a): Why Gandhi National - Memorial Fund should be allowed as expenses under XVII(2)(b)(xi) Extract of Income Tax Act.: Section 15 B - The tax shall not be payble by an assessee in respect of any sum paid by him on or after the day of April 1948, as a donation to any institution or fund which is established in the taxable territories for the ee charitable purpose and is approved by the Central Government for the purpose of this section.

Provided that the total of the sum so paid is not less than two hundred and fifty rupees.

Provided further that in case of a Company this expemtion shall only in respect of the income tax and not in respect of - super tax payble by it 15 B (2) X X X X

Provided that where any sum paid during the previuos year as donation knows as the Gandhi National Memorial Fund is in exce-ess of the limits specified in this section, the exemption grant-ed under this section shall apply to the whole of that sum.

This above extract shows that the expenses of Rs.1000/-,paid under the Head Ganghi Memorial Fund, must be included under XVII(2)(b)(xi).

12 PARAGRAPH 13 (b): 1.9 Please refer to Explanation 11 (f).

13 PARAGRAPH 14: 1.11 If after going through all the explanations for all the clauses,-the items of interest, contribution to Gandhi Memorial Fund and previous loss for 1950, and interest for 1951 are allowed, the profit will not exceeds the reasonable return. Hence no-necessity of adjustments.

Thanking you,

BIJAPUR:

Yours truely,

MANAGER.
THE E[illegible] ELECTRIC SUPPLY
[illegible] BIJAPUR.

Copy f.w.cs to :(1) The Asstt. Examiner of Accounts & Audit, A.G's Office Bombay.
(2). The Electrical Engineer to the Govt. of Bombay. P.W.D.

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LBP 1152/422

P.W.D.

K Bor.

Submitted with ref. to L.C. dt. the 17-3-53. ff 109-113

ff 129-130

2. Ol. see the supply C/o letter within. The Remarks of the E.O.A & Ex. Engr. to Govt. may be called for as per draft put up for approval f. 143

22/4/53

23/4/53

A.S. III

Letter 143 LBP 1152/4221

No. LBP 1152 K

B. C. (D. No. 1

23rd April 1953

To

The Examiner, Outside Audit Dept

Bombay.

Sub.: Accounts of the Bijapur Elg Undertaking for the years ended 31-3-50 & 51

Ref.: Ltr. No. LBP 1152 K, dt. the 17-3-53 Pp. 109-113

I am directed to invite attention to letter No. M/4 121, dt. the 9-4-53 Pp 129-139 on the subject mentioned above, from the Manager, addressed to Govt copy endorsed to you the Bijapur El. Supply Co. Ltd., and to request you to forward your remarks thereon, if any, through the El. Engr. to Govt.

By order etc.

Asst. Secy. etc.

P. W. D.

D. A.: Nil.

Copy forwarded to the El. Engr to Govt. in continuation of Ltr. No LBP 1152 K, dt. the 17-3-53. Pp 109-113

He is requested to forward his remarks in the matter on receipt of the remarks from the E. O. A.

ISSUED Date 24/4/53

22/4/53

Annexure (25-5-53)
25/4

145 Reply may be addressed to:

THE EXAMINER, OUTSIDE AUDIT DEPARTMENT
Office of The Accountant G
Universal Assurance Buildin
Sir. P. M. Road, BOMBAY

No.OA/XC/

To
The Asstt:Secretary tothe Govt.of Bombay,
P.W.D.,Bombay.
(Through Electrical Engineer to Govt.of Bombay,
Bombay.

Subject:-Accounts of Bijapur Electricity Undertaking for the years ended 2 31.3.50 and 31.3.51.

Ref: G.L.P.W.D.IBP.1152K dt 1.4.53. 1/143

The following remarks are offeredon the Co.'s replies contained in its letter No.G.463 of 1853 dated 12.3.53.

The reasons for exclusion of items of interest on loans & advances and interest paid to creditors have already been made clear to the Co.in para 5 of G.L.P.W.D. LBP.1152.K dt 17-3-53. It appears from the Co.'s letterthat it is not willing to accept Govt.'s view in the matter. It is,therefore,requested that the matter may be taken up with the Central Electricit Authority as required under para XVI of sixth Schedule.

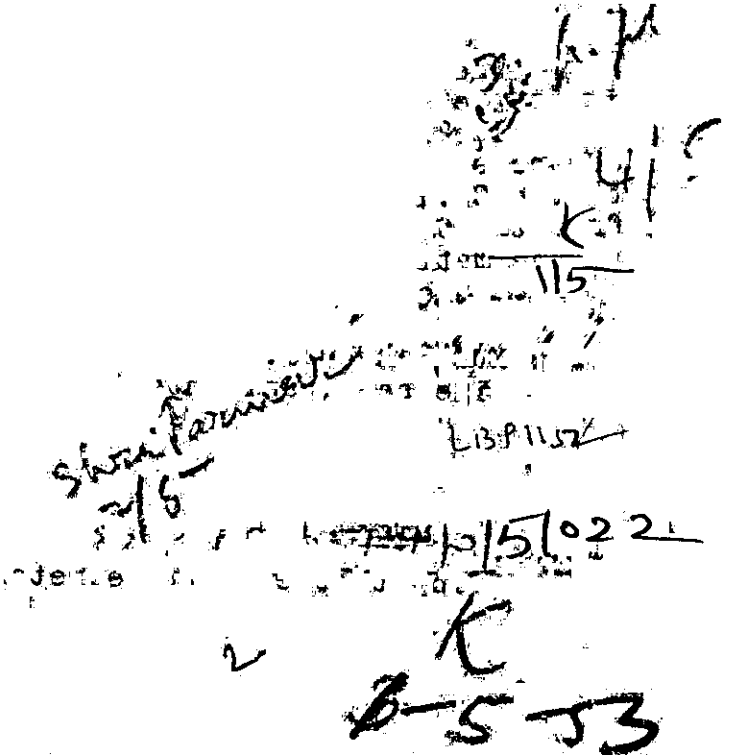
The accompaniments are returned herewith.

-sd-
Asstt:Examiner,Outside Audit.

No.OA.C/421 d 29-4-53
Copy to the Asstt:Secretary to the Govt.of Bomba ,P.W.D.,Bombay.

Assistant Examiner, Outside Audit,

RS



147 LBP 1152/57022

K.Bo. P.W.D.

Submitted with ref. to G.L. dt the 29-4-53 & 145

2. The usual memo. calling for the remarks of the El. Engr. to Govt in the matter is put up for signature

× No. LBP 1152K, dt. the 6th May 1953.

ISSUED Date. 6/5

29/5/53

G/5

Supdt.

Accord (25/5)

G/5

7/5

149

No. LA.8/ 1576 of 1953.
P.W.D. Offices, Churchgate Street
Fort, Bombay(1) 7th May 1953

To

The Chief Engineer,
Public Works Department, Bombay.

Subject:- Accounts of the Bijapur Electricity Undertaking for the years ended 31st March 1950 and 31st March 1951.

Reference: Letter No. O.A/C/420 dated the 29th April 1953, from the Examiner, Outside Audit Department, Bombay, addressed to the Assistant Secretary to Government, Public Works Department.

2. I agree to the remarks of the Examiner, Outside Audit Department.

Electrical Engineer to Govt.

P/6/5.

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LBP 1154
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151 LBP 1151/53794

K.Bor. P.W.D.

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Submitted with ref. to O.M. dt. the the 5-5-53. h·147)

2. The pt for consideration is whether the expenditure interest on loans & advances can be included for the purpose of clear profit or not. The similar point has been raised in respect of the Bassein El. Supply Co. and the matter has been refd. to the R.L.A. for his opinion. The necy. action in the matter will be taken on receipt of the R.L.A's opinion on the aforesaid file. These ppr may be kept in await.

× Loan works Khandalla 7.N.L.L.N 1151/5153

18/5/53.

Asst

Supdt.

153

THE [illegible] MT,
Branch [illegible] mbay,
[illegible]

No.OA/C/880 28 May 1953

To

The Asstt.Secretary to the Govt.of Bombay,
P.W.D.Bombay
Through the Elec.Engineer to Govt.

Sub: Accounts of Bijapur Elec.Supply Co.Ltd.for the years ended 31-3-50 and 31-3-51.

Sir,

Ref: G.L.P.W.D.LBP.LL52 K dt.23.4.53 & Bijapur Elec. Supply Co~~Ltd.for the years ended 31-3-50 and 31-3-51~~ letter no. MG(21)53-54 d/9-4-53

The following remarks on the company's reply contained in its letter above.

The Govt.auditer has not told any thing to the company about the legal opinion.

a)Para 6(c): -Govt.have already accepted the company's explanation . The company should therefore follow the procedure laid down in para 3 of Govt.P.W.D.LBP.1152 K dt. 17.3.53

b)Para 8(a)- The second subpara of Para VI(i)of Sixth Schedule gives option to the company as to the method to be adopted i.e. straight line method in lieu of compound interest method.The general principles relating to charging depreciation i.e.upto 90% and taking into account the depreciation provided inthe past will have to adhered to.The company should therefore recredit the amount to Depreciation Fund account and recalculate the depreciation.

c)Para 11(a,b,and d):- The purpose of loans and advances, and creditor's balances are the same viz.to provide additional funds for augmenting the financial resources of the company. Interest on Loans cannot be admitted for the reasons already intimated to the company in G.L.P.W.D.LBP.LL52 K dt.17-3-53. The item has been shown in statement V of Annexure V to Indian Elec.Act 1910 with a view to enabling the proper compilation of the accounts and this has nothing to do with computation of working results under the Electricity(Supply) Act 1948.The other anguments advanced by the company do not seem to be relevant to the issue involved i.e.'exclusion of interest on loans advances and creditors' balances".Audit is of the opinion that interest on loan cannot be included for clear Profit. Since the company is not accepting this position it is suggested that the matter may be taken with the Central Electricity Authority as required under para XVI of Sixth Schedule vide also this office letter No.OA/C/920 dated 29-4-53

IIIrd(Sub)Para : The item Management including managing agents's remuneration includes the item General Estt.charges. Even if this item includes staff of the company alone the item will have to be taken under para XVII(2)(b)(ix).This item will definitely rank for a clear profit but cannot be taken into account for purposes of managing agent's office allowance.The company's reply that the office of the firm of Managing Agents and the Elec.Co.Ltd.are in separate wards of the city will be verified at next audit.

d)Para 11(f)- This office does not have a copy of the Judgements referred to by the company.In any case under para XII of the Sixth Schedule value of service lines which can be included under Capital Base, should take into account contribution from consumers towards cost of construction of service lines and hence with a view to arriving at correct figure of service lines, the S.C.Receipts will have to be treated as Capital receipts.The company should therefore carry out necessar adjustment in respect of 49-50 and 50-51.

e)Para 12(a,b) -Please refer to remarks against para 8(a)

f)

f) Para 12 (c)- So long as the item of furniture is not obsolete there is no objection to include the same in Capital Base even though depreciation upto 90% has been charged. As regards the item of drums etc. the company should show these items separately from furniture and work out average monthly closing balances for purposes of Capital Base.

g) Para 13(a)- The previous losses have to be worked out in accordance with the provisions of para XVII(2)(c)(i) of Sixth Schedule which refers to excess of expenditure over income. Expenditure should be calculated as per para XVII(2)(b) and income as per para XVII(2)a). Thus these clauses apply to losses of previous years. As regards the contention that Govt. Auditors have accepted the same, it may be stated that the item was not objected to in view of the fact that the working-results under the 1948 act were not to be computed. This office, was however invariably omitting this item from the working results calculated on the basis of Advisory's Committee's report.

Donations to Mahatma Gandhi Memorial Fund-

This item though allowable under I.T.Act cannot be included as the same is not ancillary or incidental to the business of the company to pay donation in connection with supply of electricity. For inclusion of any item under para XVII(2)(b)(x), two condition will have to be satisfied (i) it should be allowed under I.T.& (ii) it should be ancilliary or incidental to the business of elec. supply. This latter condition is not fulfilled and hence the same cannot be allowed

h) Para 13(b):- Please refer to remarks against para 11(f) above.

i) Para 14 :- In view of the position explained in the preceeding paras, the clear profit calculated by this office is correct and the company will have to provide for the reserves referred to in this para and also to recover the excess amounts drawn by the managing Agents.

Yours faithfully,

Sd/-
Asstt. Examiner, Outside Audit.

No. 04/c/1881 28 May 1953

Copy to Asstt. Secy. to the Govt. of Bombay P.W.D. Bombay. for information

Asstt. Examiner, Outside Audit.

dx

W. B.
LBP 1152
6304

155

No.LA.8/ 3157 of 1953.
P.W.D. Offices, Churchgate Street,
Fort, Bombay(1), 10th June 1953.

To

The Chief Engineer,
Public Works Department,
Bombay.

Subject:- Report on the audit of the accounts of the Bijapur Electric Supply Company Limited for the years ended 31st March 1950 and 31st March 1951.

M.153-154

Reference: Letter No.OA/C/880, dated the 28th May 1953 from the Examiner, Outside Audit Department, Bombay, addressed to the Assistant Secretary to Government, Public Works Department, Bombay.

I agree to the remarks of the Examiner, Outside Audit Department, on the replies of the supply to the various audit remarks.

Electrical Engineer to Government.

HAB/9/6/53.

Shai Reisman

LBP 1132
68123

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152/68123

W. D.
"K"

Submitted with reference 1152.K, dated the 23-4-53. A-143

2. The E.O.A. has offered his remarks on the Supply Co.'s letter No.M/G/121, dated the 9-4-53, which contains the replies to the various audit remarks. A-153-154 A-129-139 The El.Engr. has agreed to the remarks of the E.O.A. A-153 The Supply Co. may therefore be addressed as proposed by the E.O.A. A-153-154

3. Para 11(a,b & d):- The pt. for consideration in this para is whether the expenditure interest on loans and advances can be included for the purpose of clear profit or not. A similar point has been raised in respect of the Lonavala Khandalla El. Supply Co., and the matter has been refd. to the R.L.A. for his opinion. A-5 The pps. of the above Co. (F.No.LLN 1151/51583) have since been recd. back from the R.L.A. and the matter is still under consideration. The necessary action on this para will be taken when the matter is finally decided upon. In the meanwhile action on the remaining paras may be taken as preposed by the E.O.A. A-154-161 The draft put up may issue if approved.

S.S./18-6-53.

18/6/53

20-6-53

A.S. IV

159 LBP 1152/68123

No. LBP 1152 K.

Public Works Department,
Bombay Castle (Bombay No.1),
23rd June 1953.

To

The Manager,
The Bijapur El. Supply Co. Ltd.,
Bijapur, M.S.M. Rly.

Subject: Accounts for the years ended 31-3-1950 and 31-3-1951.

Sir,

I am directed to refer to the correspondence ending with your letter No.M/G/121, dated the 9th April 1953, on the subject mentioned above and to state ~~xx~~ as under :-

2. The Govt. Auditor has stated that he has not told anything to your Undertaking about the legal opinion.

3. Para 6(c):- Govt. have already accepted your explanation vide G.L. No.LBP 1152 K, dated the 17th March 1953. You should therefore follow the procedure laid down in para 3 of the G.L. refd. to above.

4. Para 8(a):- The second sub-para of para VI(i) of the Sixth Schedule gives option to the company as to the method to be adopted, i.e., straight line method in lieu of compound interest method. The general principles relating to charging depreciation, i.e., upto 90 %, and taking into account the depreciation provided in the past ~~xxxx~~ will have to be adhered to. ~~You are, therefore,~~ I am, therefore, to request you ~~requested~~ to recredit the amount to Depreciation Fund account and recalculate the depreciation.

5. Para 11(a,b & d):- Further communication in the matter will follow hereafter.

III Sub-Para:- The item Management including managing agents' remuneration includes the item General Establishment charges. Even if this item includes staff of the Company alone the item will have to be taken under para XVII(2)(b)(ix). This item will definitely rank for clear profit but cannot be taken into account for purposes of managing agents' office allowance.

6. Para 11(f):- Under para XII of the Sixth Schedule the value of service lines which can be included under

Capital ....

Capital Base, should take into account contribution from the consumers towards cost of construction of service lines and hence with a view to arriving at the correct figure of service, the* S.C. Receipts will have to be treated as Capital Receipts, I am, therefore, to request you to carry out necessary adjustment in respect of 1949-50 and 1950-51.

* Service connectio

7. Para 12(a, b):- Please refer to remarks against para 8(a).

8. Para 12(c):- So long as the item of furniture is not absolute there is no objection to include the same in Capital Base ~~m~~ even though deprecitation upto 90% has been charged. As regards the item of drums etc. ~~you are requested~~ I am to request you to show this items separately from furniture and work out average monthly closing balances for purposes of Capital Base.

9. Para 13(a):- The previous bases will have to be worked out in accordance with the provisions of para XVII(2)(c)(i) of Sixth Schedule which refers to excess of expenditure over income. Expenditure should be calculated as per para ~~x~~ XVII(2)(b). Thus these clauses apply to losses of previous years. As regards the contention that Govt. Auditors have accepted the same, I am to state that the item was not objected to in view of the fact that the working results under the 1948 Act were not to be computed. The E.C.A.D., Bombay, however, invariably ommiting this item from the working results calculated on the basis of Advisory's Committee's report.

and income as per para XVII (2)(a)

Donation to Mahatma Gandhi Fund:- This item though allowable under I.T.Act cannot be included, as the same is not ancillary or incidental to the business of ~~Ex~~ el.supply as it is not the business of the Company to pay donation in connection with supply of electricity. For inclusion of any item under para XVII(2)(b)(~~x~~i), two conditions will have to be satisfied viz., (i) it should be allowed under I.T.Act and (ii) it should be ~~xxxxxx~~ ancillary or incidental to the

business ....

business of el. supply. This latter condition is not fulfilled and hence the same cannot be allowed.

10. Para 13(b):- Please refer to remarks against para 11(b) above.

11. Para 14:- In view of the position explained in the preceeding paras, the clear profit calculated by the E.O.A.D., Bombay, is correct; and hence you will have to provide for the reserves refd. to in this para and also to recover the excess amounts drawn by the managing agents.

12. The action taken by you should please be reported to Government.

Yours faithfully,

Assistant Secretary to the Government of Bombay,
Public Works Department.

D.A.- Nil.

Copy forwarded to -

the E.O.A.D., Bombay, with ref. to his letter No.OA/C/880, dt. the 28-5-53,
the El.Engr. to Govt. with ref. to his letter No.LA 8/3157, dt. the 10-6-53.

S.S./18-6-53.

18/6/53

No.LBP 1152 K.

Public Works Department,
Bombay Castle(Bombay No.1),
23rd June 1953

From

The Assistant Secretary to the Government of Bombay,
Public Works Department.

To

The Manager,
The Bijapur Electric Supply Company Limited,
Bijapur, M.S.M. Railway.

Subject:-Accounts for the years ended
31st March 1950 and 31st March 1951.

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Sir,

I am directed to refer to the correspondence ending with your letter No.M/C/121, dated the 9th April 1953, on the subject mentioned above and to state as under :-

2. The Government Auditor has stated that he has not told anything to your Undertaking about the legal opinion.

3. Paragraph 6(c):- Government have already accepted your explanation vide Government Letter No.LBP 1152 K, dated the 17th March 1953. You should therefore follow the procedure laid down in paragraph 3 of the Government Letter referred to above.

4. Paragraph 8(a):- The second sub-paragraph of paragraph VI(1) of the Sixth Schedule gives option to the Company as to the method to be adopted, i.e., straight line method in lieu of compound interest method. The general principles relating to charging depreciation, i.e., upto 90% and taking into account the depreciation provided in the past, will have to be adhered to. I am, therefore, to request you to recredit the amount to Depreciation Fund account and recalculate the depreciation.

5. Paragraph 11(a,b and d):- Further communication in the matter will follow hereafter.

III Sub-Paragraph:- Further The item Management including managing agents remuneration includes the item General Establishment charges. Even if this item includes staff of the Company alone the item will have to be taken under paragraph XVII(2)(b)(ix). This item will definitely rank for clear profit but cannot be taken into account for purposes of managing agents' office allowance.

6. Paragraph 11(f):- Under paragraph XII of the Sixth Schedule the value of service lines which can be included under Capital Base, should take into account contribution from the consumers towards cost of service lines and hence with a view to arriving at the correct figure of service, the Service Connection Receipts will have to be treated as Capital Receipts. I am, therefore, to request you to carry out necessary adjustment in respect of 1949-50 and 1950-51.

7. Paragraph 12(a, b):- Please refer to remarks agains paragraph 8(a).

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8. Paragraph 12(c):- So long as the item of furniture is not obsolute, there is no objection to include the same in Capital Base even through depreciation upto 90% has been charged. As regards the item of drums etc., I am to request you to show this item separately from furniture and work out average monthly closing balances for purposes of Capital Base.

9. Paragraph 13(a):- The previous bases will have to be worked out in accordance with the provisions of paragraph XVII(2)(c)(i) of Sixth Schedule which refers to excess of expenditure over income. Expenditure should be calculated as per paragraph XVII(2)(b), and income as per paragraph XVII(2)(a). Thus these clauses apply to losses of previous years. As regards the contention that Government Auditors have accepted the same, I am to state that the item was not objected to in view of the fact that the working results under the 1948 Act were not to be computed. The Examiner Outside Audit Department, Bombay was however, invariably omiting this item from the working results calculated on the basis of Advisory's Committee's report.

Donation to Mahatma Gandhi Fund:- This item though allowable under Income Tax Act cannot be included, as the same is not ancillary or incidental to the business of electric supply as it is not the business of the Company to pay donation in connection with supply of electricity. For inclusion of any item under paragraph XVII(2)(b)(xi), two conditions will have to be satisfied viz., (i) it should be allowed under Income Tax Act and (ii) it should be ancillary or incidental to the business of electric supply. This latter condition is not fulfilled and hence the same cannot be allowed.

10. Paragraph 13(b):- Please refer to remarks against paragraph 11(f) above.

11. Paragraph 14:- In view of the position explained in the preceeding paragraphs, the clear profit calculated by the Examiner Outside Audit Department, Bombay, is correct, hence you will have to provide for the reserves referred to in this paragraph and also to ~~provide for~~ recover the excess amounts drawn by the managing agents.

12. The action taken by you should please be reported to Government.

Yours faithfully,

FPK
23-6-53

Assistant Secretary to the Government of Bombay, Public Works Department.

MML/23/6/53
MS. 4
23/6

D.A.-Nil.

Copy forwarded to -

the Examiner Outside Audit Department, Bombay, wit reference to his letter No.OA/C/880, dated the 28th May 1953,
the Electrical Engineer to Government with refere to his letter No.LA 8/3157, dated the 10th June 1953.

ISSUED
Date 24/6/53 NB

Guy (RP/C)

[illegible] GUYANA

[redacted]

P. W.D.

The Supply Co. expedited under No LBP 1152K, dt. the 10th August 1953

9/8/53

ASB
10/8

10/8/53

Suptdt.

Await (10 ? - ?)
10/E

Telephone No. 36

The Bijapur Electric Supply Co. Ltd., Bijapur.

Managing Agents :
M/s. Abdulkayum & Sons,
BIJAPUR.

Ref No. G - 480 of 1953-54

Bijapur 30--11-- 1953.
M. S M.Ry.

To,

The Superintendent,
Public Works Department Secretariate,
BOMBAY.

Sir,

Sub:- Explanations for your letter No. 1152K dated 23rd June 1953.

As per the paragraph 5 of the above quoted letter, no communication, as yet, is received by us. So delay is caused in answering. We hope that you will excuse the delay.

6(c) As from the assets purchased no separate value of the parts can be obtained. Suppose one part is replaced, now, and the written down value of this part can be had at the time of replacement of this part. This written-down-value has to be set aside as per rules.

8(a) The paragraph VI (i) of the Sixth Schedule clearly suggests two kinds of calculations of depreciations. One method is compound interest method which contains the following clause" Produce by the end of the prescribed period an amount equal to 90% of the original cost of the asset after taking into account the sums already written off or set aside in the books of undertaking. Annual interest on the accumulated balance will be allowed as an expense from revenue as well as the annual incremental deposit."

Our explanation to this is that when a company over-depri--ciates the asset in the previous years and the over-depriciated amount is set off from the total assets, the depriciation in futu-re will go, on decreasing ultimately showing more and more profit. To counteract this the section allows interest on the accumulated balances as a revenue expense.

In the second method, Straight line method,--- Interest on the accumulated balance is not allowed and also the following clause is not inserted i.e., " 90% of the original cost of the

asset after taking into account the sums already written off or set aside in the books of uhdertaking etc.

The Govt. Auditors without taking into considerations the interest on accumulated balances, insist on us to credit the excess depriciation amount i.e., to show more profit and give 50% of it to the consumers as rebate. The depreciation fund is not a reserve or any other fund to which share holder can claim dividend or director can utilise it to write off any losses. When the share -holders of the Company have no claim, how the Govt. auditors insist on the Company to recredit the excess depreciation amount and give rebate to the consumers. In this way they are putting the Co., into an awkward position.

One more thing we wish to bring to your kind attention is that-- the life given by the Govt. is not the actual life the machine can last, it may vary by some years . So the depreciation calculated is also approximate and as per the accountancy principle--- the fu-ture profit should not be brought into account and future losses must be provided for, which principle, is overruled by the Govt. Auditors.

As regards paragraph 5 III - The extracts sent by the Govt. auditors, clearly shows that they are auditing the Co., under the Electricity Rules 1937. There are set of statements to be submitted to the Govt. under the rules and Govt. Auditors have no complaints against the statements submitted already.

If the General Extablishment charge is part of Management there was no necessity to show it separately in the statement No.4, of Annexure 5 of Electricity Rules 1937. We hope that the "Management including the Managing Agent's remuneration includes the General Extablishment charges, etc." this interpretation of the Government Auditors is not as per the above rule. The sentence "Even if-------- under Paragraph XVII (2) b) (ix) " is not clear and the rules supporting the same is not quoted. The clause XVII (2) (b) clearly defines that (b) (i), (iv), (ix) & (x) of the above clause are not allowed for calculating office allowance. Why then the extablishment charges, which is the pure expense of the company, is not allowed.

Telephone No. 36

The Bijapur Electric Supply Co. Ltd., Bijapur.

Managing Agents :
M/s. Abdulkayum & Sons,
BIJAPUR.

Ref. No. *of 195*

Bijapur _____ 195
M. S M.Ry.

To,

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Government auditors have not charged the interest either to capital or to Revenue, as per the accountancy principles. As the auditors have not capitalised the interest we think that it is a revenue expenditure as per part 3 of Net Revenue Account of Annexture V of Electricity Rules 1937 and as revenue expense, office allowance at 6% will have to be allowed on this expenditure also. Paragraph 12 (c) is noted.

Paragraph 13 (a)----------The Auditors are auditing as per the Electricity Rules 1937 which allows interest as expenditure under 3 of Net Revenue Account of Annexture V of Electric rules 1937. So the Auditors' remark" Special appropriations to cover previous losses excluded by this office as the previous losses are due to the payment of interest on loans and advances "is unwarranted. We request you to supply the report of Advisory Committee overruling the Act & Rules, authorised by the Govt. to do so.

The donation to Gandhi Memorial Fund is allowed by Income Tax Act, means, it is allowed by Central Government. So it can be included under clause XVII (2) (c) (vi). of 1948.

Electric Fitting is not the business of the Electric Supply Co. So the profits of 1950 & 1951 should be excluded from the clear profits. Paragraph, XVII (2) (a) of Electric Supply Act 1948, allows only gross receipts from sale of energy, less discounts, applicable there to ---- so public lighting as shown under part 4 of Revenue account of Annexture V of Electric Rules 1937, cannot be included under that head. The expenses - under C - Public (Lighting) Lamps under Revenue Account of Annexture V of Electric Rules 1937 is also omitted by the Act 1948 in paragraph XVII (2)(b). So we contend that Govt. Auditors should please exclude the excess receipts over expenditure from clear profits.

The above explanations, we hope clearly, shows that there will be no necessity of adjustment, whatsoever, and we request you to accept and acknowledge the receipt.

Thanking you,

Yours Truly,

MANAGER,
THE BIJAPUR ELECTRIC SUPPLY
CO: LTD; BIJAPUR.

Copies forwarded with respects to :-

(1) The Examiner, Outside Audit, Accountant General's Office, Bombay.

(2) The Electrical Engineer to the Government of Bombay, Public Works Department.

4/12

P. W. D.
LBP 1152
141733

7/12

4-12-53.

K.Br. 171 KBP 1152/141733

PWD

p167-169

Submitted with ref to GL dt 23-6-53

2 The remark of the E.O.A.D and the FE Engr to Govt may be called for on the Supply Co's letter p167-169 & 173 within as per draft put-up for approval.

9/12/53 9/12/53

12/12/53

ASII

173 Letts

LBP1152/141735

P.W.D

No. LBP1152-K

BE (Bombay)

15th Dec 1953

To

The E.O.A.D

Bombay

Sub:- Accounts for the years ended 31st March 1950 and 31st Mar 1951

Ref: Correspondence ending with G.E No LBP1152-K dt. 23-6-53 p163-165

2. I am directed to refer to letter No G.480 dt 30-11-53 p167-169 from the Manager, the Bijapur Electric Supply Co. Ltd. Bijapur, on the subject mentioned above, addressed to Govt. and to request you to submit your remarks thereon to you. D.A. nil through the El. Engr. to Govt.

By order etc

Asst Secy to Govt.
P.W.D

Copy forwarded to the El. Engr to Govt— in continuation of G.E No LBP1152-K dt— p163-165

23-6-53.

2. The El. Engr to Govt is requested to submit his remarks on the Supply co's letter No. G.480 dt 30-11-53, p167-169 copy of which has been endorsed to him, on receipt of the remarks from the E.O.A.D. B'bay.

Letter.

No.LBP 1152 K.

Public Works Department,
Bombay Castle (Bombay No.1),
15th December 1953.

To

The Examiner,
Outside Audit Department,
Bombay.

Subject:- Accounts for the years ended 31st March 1950 and 31st March 1951.

Reference: Correspondence ending with Government Endorsement No.LBP 1152 K, dated the 23rd June 1953.

2. I am directed to refer to letter No.G.480, dated the 30th November 1953, from the Manager, the Bijapur Electri Supply Company Limited, Bijapur, on the subject mentioned above, addressed to Government and copy endorsed to you a to request you to submit your remarks thereon through the Electrical Engineer to Government.

By order and in the name of the Governor of Bombay,

Assistant Secretary to the Government
of Bombay, Public Works Department.

D.A.-Nil.

Issued.
12-53

Copy forwarded to the Electrical Engineer to Government in continuation of Government Endorsement No.LBP 1152 K, dated the 23rd June 1953.

2. The Electrical Engineer to Government is requested to submit his remarks on the Supply Company's letter No.G.480, dated the 30th November 1953, copy of which has been endorsed to him, on receipt of the remarks from the Examiner, Outside Audit Department, Bombay.

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SDK.
15/12/53.

Audit (1954-54)
19/12
K. 6
2-11

The Examiner, Outside Audit Deptt.
has been expedited under No. LBP 1152-K
dt. 30th Jan. 54.

29.1.54.

29/1

29/1

ISSUED
Date 30.11.54

Audit (1-3-54)
1/2

For further correspondence pl
See file No. LBP 1154/1816J—

14/8/58